FINANCIAL TIMES

US-Japan finance An unstable relationship Book Review, Page 10



Redwood

THURSDAY MAY 16 1996



Regional tension threatens aid



Space technology

Senator Bob Dole yesterday took the extreme step revive his flagging national campaign for

the US presidency. The presumed Republican candidate, trailing Presi dent Bill Clinton by an average of 20 points in public opinion polls, advised Senate colleagues of his decision just before an afternoon

press conference. It was not immediately clear when he would officially leave the Senate. Page 12; Dole cranks np tronbled campaign, Page 7

electronics and entertainment group Sony signalled a firm comeback by reporting a 15 per cent rise in consolidated sales for the year to March. Sony posted pre-tax profits of Y138.2bn (\$1.3bn), a turn-around from last year's Y220.9bn loss after the goodwill write-off in its Hollywood film business. However, profits were only about half the Y270.7hn posted in 1991. Page 13

UK urged to extend Eurotunnel franchise:

Indonesia hostages rescued: Indonesian soldiers rescued six western and three Indonesian bostages held by separatist rebels for more than four months in the remote Irian Jaya province. The

'Kashmir captives dead': Four western bostages kidnapped by Kashmiri Al Faran separatists last July were killed by their captors in December, Indian government sources confirmed. The bodies of the hostages - two Britons, a German and an were admitted by a militant under police interrogation, the official said.

Yeltsin considers coalition idea: President Boris Yeltsin is considering forming a broadly based government of national unity to help heal the rifts in Russian society. Page 2

expected shortly to announce plans to produce women's and men's perfumes for Prada, the Italian family firm which has become one of the hottest fashion houses of the 1990s. Page 13

Rupert Murdoch's News Corporation pulled out of the multi-billion dollar bidding for global broadcas ing rights to the World Cup soccer finals in 2002 and 2006. Page 5 ..

Sharp rise in Japanese shares: The Bank of Japan moved to reassure financial markets that its monetary policy remained unchanged, helping to spur a sharp increase in share prices and a rise in the dollar against the yen. Page 6; Dangerous para-

Canada acts on Quebec independence: Canada's Liberal government aims to regain the initiative in the debate over Quebec independence with a series of moves designed to remind the French-speaking province that secession is likely to

capital flows to the world's largest emerging economies reached a record \$200.7bn last year, according to figures from the Institute of International Finance, Page 5

Germany scales back revenue forecasts: The Bonn finance ministry sharply scaled back its expectations of tax revenues for federal, state and local authorities between now and 2000 after a report indicated the German economy probably contracted in the first quarter of this year.

reported full year net profits down 7.3 per at privatisation. Page 14

Record price for Back manuscript: An Sotheby's auction house in London.

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of resigning his seat in Congress to attempt to

Sony sales up 15%: Japanese consumer

French president Jacques Chirac urged the UK to extend Eurotumel'a franchise to operate the Channel tunnel by up to 30 years to ball out the company's beleaguered shareholders. Page 12

rebels are still holding two other captives.

American - had not yet been found but the killings

Estée Lauder, the US cosmetics group, is

Murdoch quits race for World Cup rights:

dox of Japanese power, Page 10; Lex, Page 12

be neither smooth nor painless. Page 7

Boost for emerging economies: Private

France Télécom profits slip: France Télécom Fr9.2bn (\$1.77bn) as it announced what will proba-bly be the last set of annual results before partial

original Johann Sebastian Bach manuscript of his Cantata No 2, written and signed by the composer himself, was sold for a record £496,500 (\$755,000) at

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Dole quits Senate Big fall in EU economic growth to concentrate on Brussels says many members will still qualify for Emu

By Bruce Clark in Brussels and Gillian Tett in London

The European Commission yesterday reported a sharp downpects for establishing a single France, the Netherlands and Finturn in economic growth in the European Union, but insisted that a significant number of its currency in three years' time.

15 members could still qualify for economic and monetary union in 1999. The Commission has slashed its growth projections for the 15 member states this year by more than 1 percentage point to 1.5 per cent. It projects growth for 1997 of 2.4 per cent, or half a percent-

age point down on its previous But Mr Yves-Thibault de Silguy, the monetary affairs com-missioner, insisted that this

gloomy outlook did not dent pros-

"We consider it realistic, even certain that the timetable [for Emu] will be respected," he said. Although the growth projections are viewed as realistic hy financial analysts, the budget deficit projections were yesterday regarded with scepticism by both

After presenting the economic forecast for 1996 and the "scenario" for 1997, Mr de Silguy described the documents as a "two-toned report - grey for growth in 1996 but rosy for eco-nomic convergence in 1997".

economists and some diplomats.

land were expected in 1997 to join Denmark, Ireland and Luxembourg in successfully cutting their budget deficits below 3 per cent of GDP.

Anstria and Sweden were expected to come very close, while Belgium, Spain, Portugal and the UK could be within % of a percentage point of the

Mr Helmut Kohl, Germany's chancellor, who visited the Commission shortly before the report was issued, said be opposed any relaxation of the criteria - cover-ing debt, deficits, inflation, and Mr de Silguy said Germany, exchange rate stability - by

which candidates for Emu will be

"I'm strongly against changing the convergence criteria." he said. "Without these strict yardsticks, the efforts at economic consolidation will not be successful." However, Mr Kohl stopped well sbort of endorsing the Com-mission's optimistic forecast that a significant number of countries would reach or nearly reach the requirement of a public deficit

below 3 per cent of GDP. "When we take the decision, it should be done at the right time and within the rules of the treaty," be said, referring to the 1998 decision on who should join Emu. The Commission's eco-nomic policy guidelines, while calling for a social dialogue with the trade unions, also warned that Emu could be threatened if EU members gave in to social

"If progress towards sounder public finances and structural reform were to be hampered by rising social and political resistance, this ... might add to doubts among some observers as to wbether a sufficient number of member states would be ready to participate in Emu at the starting date," he said.

Sun shines on economy, Page 2

Hindu nationalist party faces struggle to secure majority before deadline

Leader of BJP asked to form government

By Mark Nicholson in New Delhi

Mr Atal Behari Vajpayee, leader of India's Hindn nationalist Bhar-atiya Janata Party, will be sworn in as interim prime minister at noon in New Delhi today.

Mr Shankar Dayal Sharma, the state president, has given Mr Vaipayee until May 31 to prove he has the backing of a majority in parliament. The BJP and its allies have not been able to secure a majority, and a coalition of secular and regional parties is attempting to block them.
If the BJP succeeds, it will

bring to power a Hindu-based party which campaigned on a During the campaign, the party also pledged a tough security stance, including making India an official nuclear power.

The BJP, closely associated with the 1992 ransacking of the Babri Masjid mosque in Ayodhya by Hindu zealots, softened its pro-Hindu tone. But it said it would end social policies which represent "appeasement" to india's 110m Moslem minority. lts political opponents claim a BJP dominated government

would upset India's delicate religious harmony and raise "communal" tensions.

The BJP also promised to maintain the liberal, free-market economic policies introduced by the Congress party, but with curbs on foreign investment.

Following parliamentary convention, Mr Vajpayee, as leader of the biggest party to emerge from India's 11th general elections, was offered the first chance to form an administration "We accept this as a challenge," Mr LK Advani, BJP president, said last night. "We are confident we will be able to prove our majority in the house by May 31."

Mr Vajpayce said: "We did not get a true majority, but the man-date has been against the Con-

Gowda plays waiting game......Page 6 'Softer face of the BJP'.....

gress party. Other political par-ties have failed to earn the people's confidence; the mandate has been, by and large, in favour of the BJP."

The BJP and its main allies, the Shiv Sena Samata party and two regional parties from Haryana and Punjab, hold 195 seats in the new 545-seat Lok Sabha assembly, 77 sbort of majority. The BJP is in talks with smaller caste-based parties.

To form a government, it would have to dislodge almost all the bigger regional parties from a coalition with the Janata Dal and some smaller parties. The Janata Dal has launched a rival claim to



BJP leader Atal Behari Vajpayee meeting the media in New Delhi yesterday

govern under Mr Deve Gowda, JD chief minister of Karnataka

This so-called "third front" met the president last night to put their claim. The group claims the backing of 180 MPs, and has won a pledge of support from the defeated Congress party, which won 136 seats. The communist parties, with 43 seats, would back the new grouping.

Mr Vajpayee said there would

be no "horse-trading" to win a majority, but the party faces tough bargaining to win support. BJP officials said they would seek to entice regional parties to

Day Break Service

join them by offering law changes to make it harder for the central government to dismiss state administrations and to increase the share of taxes given

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Stet looks at telecoms alliance with Veba and C&W

quiet

and Our Foreign Staff

Stet. Italy's state-owned telecommunications operator, is discussing an alliance with Veba of Germany and Cable & Wireless of the UK as part of its strat-

egy to secure its future following its privatisation.

Advisers to Mr Romano Prodi, who will be named premier of Italy's first centre-left government in the next few days, have suggested that Stet take a 15 per cent stake in C&W and persuade Veba to raise its 10.5% existing stake in C&W to the statutory limit of 15 per cent. They would

also he prepared to see C&W take a crossbolding in Stet. Dr Brian Smith, C&W chairman, who yesterday announced that Mr Richard Brown would be the first US citizen to be appointed chief executive of the UK company, confirmed that talks with Stet were under way and that co-operation with Veba

of Germany would also deepen. But be denied reports that the Italian operator was about to take a share in the UK group and played down the prospect of Veba increasing its sbarebold-

ing.

The talks come at a time when many of the world's larger telecoms groups are forming alliances to compete for the busi-ness of large international customers. So far, Stet has failed to arrange a suitable marriage.

It has been in fruitless talks with IBM of the US on an industrial the-up for more than two years and had opened contacts with C&W and Veba before C&W began its abortive discussion with Britisb Telecommunications late last year.

sbould be privatised quickly but believe it would be more appetising to investors with a clear international partnership already in place. The long delayed privatisation of the 64 per cent stake in Stet owned by IRI the state bolding company.worth some L21,000bn, is a top priority for Mr Prodi.

> Continued on Page 12 Lex, Page 12 Eligible partner, Page 13

Italian magistrates act against Fininvest chiefs

By Robert Graham in Rome and Jimmy Burns in London

Anti-corruption magistrates in Milan issued arrest warrants vesterday for seven senior members of the Fininvest business empire of Mr Silvio Berlusconi, the former Italian prime minister, for alleged falsification of accounts from 1989 to 1995.

The move, after a period of apparent truce during last month's Italian general election campaign, signalled an important new threat to Mr Berlusconi, as Milan magistrates believed they bad acquired new evidence regarding the alleged illicit use of funds by Fininvest's foreign subsidiaries. Part of this is understood to

bave come from documents seized last month in London by the Serious Fraud Office at the offices of a company linked to Fininvest. The SFO said last night that documents were to be transferred to the Italian prosecutors, but it is understood that Mr Berlusconi's lawyers were preparing a court action to try to halt

The SFO said it intended to deliver the documents to the Home Office for transfer to Italy. It would defend itself against any

The arrests marked a further stage in efforts to demonstrate that Mr Berlusconi continued to retain a form of control over Telepiu, the pay-TV station he founded but was obliged in 1991 by anti-trust laws to divest all but 10 per cent. If proven, the allegations could lead to the loss of his commercial television

The arrest warrants issued yesterday also alleged that the group's accounts had been falsified in association with Mr Ber-lusconi and Mr Giancarlo Foscale, the latter's cousin and a key figure in the Fininvest empire. Mr Berlusconi is currently

standing trial for allegedly being party to bribes paid to the Guardia di Finanza (financial police) to ensure benign tax inspections of Fininvest companies' accounts. With the advent of a centre-left government in Italy, there have been suggestions that all the parties will seek to find a solution to the serious problems raised by the four-year-old corruption scandals. However, political commen tators said yesterday that if Mr implicated by the latest investi-gations, it would complicate the idea of any amnesty.

It would also raise further serious questions about Mr Berlusconi's political future and the fate of his Forza Italia movement. Three arrest warrants were

issued yesterday against people in Monte Carlo, including Mr Livio Gironi, a former Fininvest finance manager and currently a board member and adviser, and Mr Mario Morazzoni, a former group treasurer. Extradition proceedings are expected to proceed shortly. Until now the Monte Carlo authorities bave abown limited co-operation with Milan

magistrates on corruption issues. The other people concerned included Mr Giorgio Vanoni, bead of Fininvest's foreign sub-sidiaries and against whom there has been an international arrest warrant oustanding for several months. His arrest was sought in connection with the transfer in 1991 of a total of L15bn via a Channel Islands company, All Iberian, to Luxembourg accounts controlled by nominees of Mr Bettino Craxi, the former Italian Socialist premier.

CONTENTS

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Accelerating growth and low inflation forecast for EU in half-yearly outlook

Brussels sees sun on economic horizon

Economics Correspondent

Wben tbe European Commission unveiled its forecaats yesterday, its message was clear: the economic sun comes out tomorrow.

For though it made no secret that conditions had been disappointing in Europe this year, its outlook was suffused with optimism about the future.

It forecasts that growth will accelerate this autumn, that inflation will remain low - and several countries will reduce their budget deficits sufficiently to qualify for membership of a single currency.

The fly in the ointment is that the Commission doubts whether this upturn will have much impact on Europe's jobless levels.

From some perspectives, this upbeat tone is unsurprising. The Commission's half-yearly outlooks have long had a double role as economic projec-tions and political weapons with which to press member states to pursue bealthy poliAnd this year's forecast car-ried particular significance, given the Commission's deter mined public optimism about monetary union taking place

But outside Commission corridors the reaction was scepti-cal. For though some of the sums are accepted by the markets, many economists and some diplomats question how the overall arithmetic adds up.

The parts of the forecast which are not controversial are those about growth and inflation. Like most forecasters, the Commission has slashed its growth projections for the 15 member states this year to 1.5 per cent, from the 2.6 per cent it forecast six months ago.

It blames this on four factors: swings in the destocking cycle; the rise in long-term interest rates in 1994; the exchange rate turbulence in 1995; and a loss of confidence across the EU. However, it is convinced that

the indicators should rebound sharply in the second half of the year, leading to a 1997 growth rate only slightly lower

EUROPEAN UNION: KEY ECONOMIC PROJECTIONS growth* 1996 growth* 1996 1997 -3.7 2.3 1.1 Denmark **Portugal**

than expected last November. Meanwhile, EU inflation is predicted to edge gradually down to 2.4 per cent next year. Spain, Italy and Denmark are all expected to see lower inflawhile Germany's rate

would rise slightly. Thus far, the projections are uncontroversial, indeed, for Germany, the Commission's outlook is slightly more pessi-

est. But the item which yester-day provoked head scratching in the markets was the forecast for budget delicits. in common with most econo-

mistic than the markets', while

its French forecast is also mod-

mists. Brussels accepis that Britain, Belgium, Spain, 1141, and Portugal will all fail to meet the Maastricht convergence criterion. This stipulates that countries' hudget deficits should be no more than 3 per cent of gross domestic product in 1997 to enter EMU in 1999. Austria is also (and more controverslally) projected to miss narrowly. However, both

France and Germany squeak through, with France hitting the outer limit exactly.

The precision by which the two countries "pass" the test in itself provoked auspicion. But, more specifically, economists found the projections

sensible – growth forecasts.

As Mr Didier Maillard, chief economist at Paribas in Paris. said: "Our opinion is that it will be very hard for both countries to hit the 3 per cent target given the slowdown in growth." Mr Ian Harwood of Kleinwort Benson group, part of Dresdner bank, said: "They have either put a spin on it or they have factored in further cuts in [budgets] under pres-

odd, given the modest - and

sure from governments."
The numbers have undoubtedly been subject to considerable discussion in recent days: earlier drafts of the report

need to take more action on its deficit, while some observers suspected that Germany might also not meet the target. But the Commission vehe-

mently denies that it massages numbers, and yesterday insisted it did not base the projections on anything other than planned government spending cuts.

One solution to the puzzle might be that governments' have very optimistic tax revenues. Some observers also suspect that the French and Garman governments have told the Commission privately they plan even more radical cuts or tax rises

Brussels denies this is the case. But the implication remains that the sums can only be reached if governments implement more sweeping tax rises and spending cuts than their populations expect.

But though the Commission itself need not worry about the feasibility of all this, it will leave a large question mark banging over the forecasts this

EUROPEAN NEWS DIGEST

Plea to save Gdansk yard

Shipowners who have orders worth \$850m at Poland's near-bankrupt Gdansk Shipyard have written to the government urging it to support the yard or face hurting the credibility of the country's shipbuilding industry. The six companies, which include owners from Germany, Denmark, Canada and Greece, say they are dismayed the government is considering declaring the yard bankrupt as a means of forcing

a renegotiation of existing contracts.

They say they think it "unimaginable that the Polish government would actually arrange for its own state-controlled entity to go bankrupt", and warn that they "will protect their contractual rights by legal and other means". The warning comes as the government is looking for means. investors abroad for the yard, which has debts of more than 300m zlotys (\$110m). The Korean corporation LG International which currently has no shipbuilding interests, has said it is considering taking a stake. Christopher Bobinski, Gdansk Janes T.

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Srebrenica 'survivors' emerge Seven armed men who surrendered to Nato forces last week in

Republika Srpska, the Serb statelet within Bosnia-Hercegovina, and were subsequently handed over to the local police, are thought to be Srebrenica survivors. All seven men are on both the lists of missing people compiled by the International Committee of the Red Cross and the Bosnian Government, official sources said. The ICRC confirmed last

night that at least five of the men had been listed as missing.
The government enclave was overrun by the separatist Serb army last July, despite its status as a UN protected zone. Several Moslem men from Srebrenica who escaped the Serbe' mass execution of the enclaves' male population lived rough in eastern Bosnia for months. One man emerged only last month.

The seven men, who were technically in violation of the Dayton agreement by carrying weapons, are being held by the Serb police for allegedly killing four Serbs the week before near Zvornik, where they were found. Officials connected with the case have dismissed the Serbs' charges against the men as "farcical", but Nato has defended its decision to hand the men Harriet Martin, Saraien over to the Serbs.

Finnish inflation rate at 0.7%

The annual inflation rate in Finland last month was only 0.7 per cent, down from 1.5 per cent a year earlier, according to the central statistics office. Consumer prices were 0.2 per cent higher in April than the month before, but the rise was mainly

due to a 2.8 per cent increase in the price of petrol.

The good news on inflation was tempered by continuing high levels of unemployment. Finland's jobless rate reached 17.4 per cent in April, the labour ministry said. A total of 444,100 people were without jobs last month, about 7,500 less than in March and 15,200 lower than in April last year.

The customs board announced the value of exports rose 13

per cent year-on-year in 1995, and that of imports rose 5 per cent. The December trade surplus was FM4.45bn (\$940m) down from FM4.93bn in November.

Aznar in talks with unions

Spain's new conservative prime minister, Mr José María Aznar, beld his first talks with union leaders yesterday, to discuss how to tackle the country's near 23 per cent unemployment rate. Union leaders, wary of the centre-right Popular party's recently announced spending cuts and privatisation plans, wanted assurance that these would not entail job losses or cuts in social security levels. "They couldn't have started worse - with generalised cost cuts made without consulting anyone," said Mr Antonio Gutierrez, head of the Workers' Commissions union federation.

Yesterday's meeting was the second stage of Mr Aznar's attempt to open negotiations aimed at agreeing a wide-ranging pact for jobs. He met business organisation chairman Mr José María Cuevas on Monday. Mr Cuevas wants to go further than the government and looks likely to antagonise the unions with his ideas on labour law reform and changes in

CFE treaty review opens

Delegates from Europe, the US and Canada opened a key conference yesterday to review the 1990 Conventional Forces in Europe (CFE) treaty, considered an anchor of post-cold war security. More than 50,000 pieces of military equipment have been destroyed in the three-year reduction period which ended last November. The total includes nearly 19,000 battle tanks, 18,000 armoured combat vehicles, and thousands of pieces of artillery, combat aircraft and attack helicopters.

Russia is in technical violation of the pact by failing to meet its weapons cuts obligations by the November deadline. Armenia and Azerbaijan, in dispute over the region of Nagorno-Karabakh, have also yet to meet arms reduction limits. Russia, which has argued that the treaty is ontdated, is expected to push for a commitment to a new, modernised arms accord. The conference ends on May 31.

Yugoslav bank chief faces sack

The lower chamber of the Yugoslav parliament vesterday voted to dismiss the National Bank governor, Mr Dragoslav Avramovic, after weeks of conflict over the terms of IMF membership, privatisation and fiscal policy, 75 deputies voted for his dismissal, and 33 against, with no abstentions. The upper chamber was expected to vote later in the day or tomorrow, and was also expected to oppose him.

Mr Avramovic had appealed to the government not to sack

him and said be wanted to seek deals in support of the dinar. The IMF dispute has prevented Yugoslavia gaining access to hard currency credits it needs to revive its economy. "If I make a deal with the Bank of England, the Bundesbank and the Banque de France, there will be no threat to the dinar. That will be the first thing I will do, but only if the

government lets me," he said. The dinar, which had been stable at 3.3 to the D-Mark, fell on the black market to 3.45 after parliament began discussing Mr Avramovic's future. **ECONOMIC WATCH**

Portugal

Portuguese GDP rises 1.9%

Real GDP growth, annual % change last year compared with 0.7

said vesterday that the INE 1990 at 92 93 94 95 96 97

figure did not include the contribution to GDP growth of the rundown of stocks held by companies. The bank estimates this at 0.3 percentage points in 1995. The government forecasts gross domestic product growth of 2.5-3 per cent this year but the

institute, INE. This is considerably lower than

central bank recently revised its 1996 forecast downward to L75-2.75 per cent. Peter Wise Lisoon France's current account showed a seasonally adjusted surplus of FFr10.97bn (\$2.13bn) in February, down from FFr14.32bn the month before. The total for the two months compares with a FFr28.25bn surplus for the similar period

Swedish unemployment rose in April to 7.5 per cent of the workforce from 7.4 per cent in March.

German slowdown hits revenue forecasts

subsequent years.

By Peter Norman in Bonn

The German economy probably contracted in the first quarter of this year, prompting the Bonn finance ministry to scale back sharply its expectations of tax revenues for federal, state and local anthorities between now and 2000.

The Berlin-based DIW research institute reported yesterday that an unusually harsh winter belped pusb first quarter real gross domestic product 0.5 per cent below the previnus three months' level and 0.1 per cent below the first quarter of 1995. The DIW figures, adjusted for infla-

tion and to reflect normal changes in the seasons and working days, are released some weeks ahead of official GDP statistics.

The institute said output in eastern Germany contracted 2.5 per cent compared with the final 1995 quarter and was 0.7 per cent below the first 1995 quarter, largely because of a weatherinduced collapse of construction activity.

Its statistics showed the western German economy stagnated in the first quarter while ontput nationwide was flat in the final quarter of 1995. This latter finding contrasted with an earlier DIW report and recent official figures which pointed thought seven months ago.
to a drop in GDP late last year.
Yesterday's official reve Mr Theo Waigel, finance minister, said the long winter had forced the government to cut its expectations.of

growth and tax income for this and

Reporting nn the findings of a group of expert officials, he said overall revenues for federal, state and local authorities this year were now expected to be DM807.1bn (\$526bn), or DM21.7bn below a forecast of last

The minister aaid federal tax income alone was expected to be DM11.8bn less this year than was

Yesterday's official revenue forecasts were slightly less had than those discussed at a meeting of German state prime ministers last week-

The ministry also published revenne forecasts for future years, com-pared with forecasts of May 1995 adjusted for the impact of tax changes that took effect in January

this year.

The expected revenue gaps ranged from DM66.5bn for all levels of government in 1997 - the year which will provide the data for European Union countries to qualify for mem-

bership of economic and monetary union from January I 1999 - to DM100bn in 2000. Yesterday's figures will form the

basis of the government's revenue estimates for the federal budget, due to be agreed by the cabinet in July, Despite the large sbortfalls, Mr Waigel said there was nn reason for pessimism or change in the government's economic and financial poli-

However, the figures emphasised the need to push through in full the programme of spending cuts, tax changes and welfare restructuring announced last month.

Government of national unity idea adds to election confusion

Yeltsin ponders broad coalition

By John Thombill in Moscow

President Boris Yeltsin is considering forming a broadlybased government of national unity to belp heal the rifts in Russian society, the presidential press spokesman said yesterday. However, it would probably not happen until after the first round of next month's presidential election.

The possibility, rumoured in Moscow, adds to the political confusion and raises constitutional concerns in the run-up to the elections.

Some believe discussions about the formation of a coalition government are evidence of the feverish political mood in Moscow. They say the president's campaign team appears to be working on a broad range of possible tactics to ensure Mr Yeltsin retains power - including plans for some sort of state of emergency.

They also point to comments earlier this month by Mr Alexander Korzhakov, head of the presidential bodyguard, that elections should be postponed though these comments were later rejected by Mr Yeltsin.

APPOINTMENTS

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Published by The Financial Times (Europe)
GribH. Nibelungenplatz 3, 60318 Frankfuri am Main, Germany, Telephone ++49
60 156 850, Fax ++49 69 596 4481, Represented in Frankfurt by J. Walter Brand,
Withelm J. Brüssel, Colim A. Kennard as
Geschäfteführer and in London by David
C.M. Betl, Chairman, and Akin C. Muller,
Deputy Chairman, Santenbolders of the
Francial Times (Europe) Ltd, London and
F.T. (Germany Advertising) Ltd, London
Shareholder of the above membened two
companies is, The Financial Times Lumred,
Number One Southwark Studge, London
SEI 9HL.
GERMANY:
Responsible for Advertising, Colin A. KenLear Marter.

GERMANY:
Responsible for Advertising: Colin A. Ken-nard. Printer: Hürryet International Ver-languseellechnit imbH. Admirai-Rosendahl-Strasse 3a. 63263 Nen Isenburg 18SN 0174 7363. Responsible Editor: Richard Lam-bert. elo The Financial Times Limited, Number One Southwark Bridge, London STI 0337

bert, clo The Financial times Limited, Number One Southwark Bridge, London SE1 9HL, FRANCE: Publishing Director: P. Maraviglii, 42 Rue La Bocue, 7508 PARIS, Telephone (01) 5376-825, Printer S.A. Nord Eclur, 1521 Rue de Carre, F.59100 Roubart Ceder, I. Editor Richard Lambert, ISSN 1148-2753 Commission Paritaire Na 670811. SWEDENE Responsible Publisher: Hugh Carmery 468-018-6088, Printer: AB Kvällstidmingen Expressen PO Bax 6007, S-590-10, Jonicoping. C The Financial Times Limited, Number One Southwark Bridge, London SE1-911. R

Three more Russian soldiers were shot dead yesterday in the ruined Chechen capital, Grozny, which President Boris Yelisin is due to visit soon, AFP reports. The three kontraktniki -volunteer soldiers on a paid contract, rather than conscript soldiers - were killed in bursts of automatic rifle fire. Kontraktniki are widely hated by Chechens. "Go and look how much we love Russians," said one street vendor, adding: "Well

The incident demonstrated what a security nightmare Mr Yeltsin's visit, planned for mid-month, would be.

The president discussed the formation of a coalition government yesterday with Mr Syvatoslav Fyodorov, a rival presidential candidate who has been pressing for political com-

We need a government of people's confidence to be formed on an honest basis and pool together everyone, including communists, capitalists, and centrists," Mr Fyodorov said, after the meeting. "Yelt-sin shares my opinion. He thinks this government should be formed immediately... between the first and second

rounds of the elections." The presidential press spokesman suggested Mr Yeltsin did not think the idea was

feasible before the first round of the election and needed to give the matter more thought. Mr Yeltsin has even said be wants to talk directly to Mr Gennady Zyuganov, the Communist party leader and his main presidential rival. That has led some senior Russian officials to speculate that Mr Zyuganov might be offered the post of prime minister after the

first round if neither of them won an outright majority. Creation of such a government could be used as an excuse to postpone the second round - a run-off between the two leading candidates although this would raise serious constitutional concerns. It the dangerous polarisation of also appears unlikely that the society.

Communist party would countenance such a move.

In recent days, Mr Yeltsin has also met other presidential candidates, including Mr Grigory Yavlinksy, leader of the liberal Yabloko bloc, and Mr Alexander Lebed, the former military commander, to discuss creating a unified democratic bloc but has met with a cool response.

Some political observers argue Mr Yeltsin is just toying with these so-called "third force" candidates to destroy their credibility as independent

But be could also be angling to win their backing should the elections go into a second round.

Many of Russia's bankers and business leaders, who fear the upheaval the elections might produce, have also been pressing for a government of national unity. The Russian Union of Industrialists and Businessmen yesterday called on all politicians to discard "ambitions, narrow interest, and mutual attacks" to counter



Sprucing up his image: A Moscow city worker passes a cloth over a Yeltsin election poster

Tudjman furious over European bar

By Laura Silber and Anthony Robinson in Zagreb

President Franjo Tudiman of Croatia reacted angrily yesterday to this week'a decision by ministers of the Council of Europe to postpone his country's entry into Europe's oldest political institution. "It is strange and surprising that they made this decision after accepting countries such as Albania, Moldova and Russia. While fighting Serbian aggression we bave established democracy and held four elec-

tions. It is difficult to explain

this decision as anything other than ill-will towards Croatia." he said in an interview.

For the first time in the Council's 47-year history, ministers overruled a European parliament vote in favour of entry because of Croatia's failure to comply with the buman

Since the parliament's vote last month, the Croatian government has cracked down on the independent media and continues to veto the appointment of a mayor for Zagreb. the capital, following the opposition victory in elections six

months ago. The official press has also attacked Mr Ivan Zvonimir Cicak, the leading buman rights campaigner.
Diplomats cited as grounds

for the ministers' decision Zagreb's failure to protect minorities adequately or to ease the return of Serb refugees, insufficient co-operation with the international war crimes tribunal for former Yugoslavia in The Hague, and Croatian obstruction of the reunification of the divided Bosnian town of Mostar.

vina, he said. Under the Dayton accords signed last December, Bosnian Croats agreed to dissolve their mini-state of Herceg-Bosoa and create a joint administration with Bosnian Moslems in Mostar. Force has 60,000 troops in Bosnia to consolidate the fragile

The Nato-led Implementation peace process. Under the Day-Mr Tudjman dismissed the ton agreements, Bosnia-Herobjections as "completely cegovina is confirmed within

unjustified and unacceptable".

Croatia had done more than

any niber European state to

contribute to the resolution of

the crists in Bosnia-Hercego-

half between the Bosnian Serb mini-state of Republika Srpska and a Moslem-Croat federation. In practice, Bosnian Croats have blocked the creation of joint organisations with the At the same time, only a few thousand of over 150,000 Serb

its internationally recognised

borders but divided roughly in

refugees who fled the Croatian army's reconquest of the third of Croatian territory formerly controlled by the Serbs have been allowed to return to their homes, most of which have been burnt and looted

Bosnian Serb chief sacks potential rival

By Laura Silber in Zagreb

The Bosnian Serb leader Mr Radovan Karadzic yesterday sacked Mr Rajko Kasagic as prime minister of Republika Srpska, signalling that hard-liners have gained the upper haud in the Bosnlan Serb

entity. The move casts a shadow nver prospects for Serb co-operation with the Dayton peace accords in Bosnia.

From northwestern Banja Luka, the biggest Serb town in Bosnia, Mr Kasagic was seen as more loyal to Belgrade than Pale, Mr Karadzic's stronghold above Sarajevo.

On the instructions of Presi-

dent Sinbodan Milosevic of

Serbia, Mr Kasagic has proved willing to co-operate with international mediators, and even his Moslem and Croat foes, in implementing the Day-ton agreement, secured by a 60.000-strong Nato-led Implementation Force (Ifor).

It is likely that Mr Kasagic. who has a picture of President Bill Clinton in his office, will attempt to launch a comeback. Earlier this week, he was reported to be planning to oust several ministers loyal to Mr He has been promoted by Belgrade and international

mediators as an alternative to

Mr Karadzic, wbo. as a sus-pected war criminal, bas been

shunned. Ifor has instructions

military commander, General Ratko Mladic, if they come into contact with the international force. After the Dayton agreement

was signed last December, Mr Kasagic was appointed prime minister of Republika Srpska, which, along with the Moslem-Croat Federation, now com-

In a statement yesterday, Mr Karadzic said Mr Kasagic had been ousted because be "failed to adapt to his work, which would undoubtedly jeopardise the interests of the country and its people". Mr Kasagic was sacked "in order to protect the constitutional order and prevent the further deeptioning of the government".

Mr Colum Mnrphy, the spokesman for Mr Carl Bildt, the international community's

high representative in Bosnia, said Mr Bildt was "ontraged by this attempted coup against the Dayton agreement. It is a putsch and we will not recognise it. We will continue to do business with Mr Kasagic". There was no immediate reaction from Mr Kasagic. But reports in Belgrade said Mr Milosevic earlier this week had summoned the two Bos-

nian Serb leaders to the Ser-

bian capital. Mr Milosevic is

under considerable interna-

tional pressure to get rid of Mr

ton agreement, which says anyone indicted as a war criminal by the international tribunal cannot stand. The power struggle between Mr Kasagic and Mr Karadzie is actually the conflict between the Bosnian Serb leader and Mr Milosevic. It reflects divi-

office in Bosnia-wide elections

dne to be beld in September

despite the ban under the Day-

sions which run deep within the Serbian political body. They represent two Serbian political traditions: Mr Karadzlc, the right-wing Chetnik monarchist, and Mr Milosevic. the Communist partisans of

My section with the section of the s Portugal's gross domestic product grew by 1.9 per cent per cent in 1994, according to the national statistics estimates of 2.5 and 2.25 per cent made recently by the government and the central bank. The Bank of Portugal

Bad

1 seat

coalition, born amid great optimism less than three months ago. Ferocious disputes between the party leaders have raised doubts about how long the government can survive, writes John Barham

its sickly state has dashed hopes that it could deal with the country's economic problems through free market reforms and, above all, that it

trial in the high court

office as prime minister if he

or she is on trial.

Mrs Ciller could lose her

chance of becoming prime min-

ister again on January 1, as

required under the Mother-

land True Path power-sharing

formula, because the process

Yilmaz would then become

uodisputed leader of the ceo-

Mr Sedat Ergin, Ankara bureau chief of the newspaper Hürriyet, said Mrs Çiller "is a

survivor, she always fieds

ways to break out of the siege.

But this time the siege is stron-

ger than ever and she does not have enough strength to break

Pundits are divided over

what happens oext. A dwind-

ling oumber believe that the

government can muddle on

and that a formula will be found to allow Mrs Ciller to

take office again for two years as planned. With luck, Mother-

land and True Path would start

co-operating and could even

Mr Bülent Ecevit, a prime min-

ister in the 1970s and now

leader of the moderate Demo-

cratic Left party, will head an

The military, as politically

powerful as ever, favours Mr

Ecevit because of his staunchly

secularist views. His honesty makes him Turkey's most pop-

The other alternative is a

Refah-Motherland coalition.

Supported by western govern-

ments, the secularist elite the military, media, big husi-

ness - hlocked attempts to

form such a government after

last December's inconclusive

general elections, when Refah took the most votes but no sin-

gle party won a mandate to

Local elections are due on

June 2 and polls indicate Refah

should win the most votes, fol-

lowed by the Democratic Left. The discredited Motherland

and True Path would continue

losing ground. Few MPs want fresh general elections, since

Refah could win a parliamen-

believe Turkey's dire economic situation leaves Mr Ecevit or

Many business leaders

tary majority.

anti-Islamist coalition.

However, many more believe

the siege.

merge later.

ular politician.

Motherland MPs hope Mr

would take several months.

could bold the line against the advance of radical Islam. Mr Erol Sabanci, head of Akbank, the country's largest private baok, said: "Public opinion favours a strong centre-right government, but today I doubt the centre-right could get more than 40 per cent [of votes in an election] because of the performance of the government. The business community does not have any confidence in how long this government wall last "

Even hardened political observers are surprised by the ferocity of the feuding between the coalition's two partners the Motherland party of Mr Mesut Yilmaz, the prime minister, and Mrs Tansu Ciller's True Path party. Fewer and fewer MPs from both coalition parties think the government can survive until December.

Motherland MPs are supportgiog demands by Refah, the slamist opposition party, to set up parliamentary committees to investigate corruptioo allegations against Mrs Ciller, with the declared aim of bringing down the government.

Turkey's strong Islamist opposition yesterday stepped up pressure on the conservative coalitino to quit after a court ruling cast doubt on the government's constitutional right to its hold on power, Reuter reports.

"Work on forming a new government should begin without wasting any time," said Mr Musa Demircl, deputy head of the Islam-based Refah

Mr Mesot Yilmaz's coalition partner, Mrs Tansu Çiller, said a new confidence vote was needed in the government after the constitutional court ruled its original March vote was illegal.

Mr Necmettin Erbakan, Refah's leader, said the government was illegal and urged the battered secularist parties to join him in a new ruling alliance.

In April, MPs voted to form a committee to investigate whether she failed to prevent \$47m in losses in tenders by Tedas, the state-owned electricity distributor.

Earlier this month they approved, hy an even larger majority, Refah's proposal to investigate allegations first put forward by Mr Yilmaz that she interfered in the privatisation of Tofas, Turkey's biggest carmaker, to favour a friend.

Next, Refah will demand an investigation into the source of Mrs Ciller's considerable

If parliament approves the committees' findings - they must report within four months of starting work - then Mrs Ciller must stand trial at the high court.

Mr Yilmaz has already warned that nobody can take



Mr Necmettio Erbakan, cent. Interest payments are Refah's leader, no other choice now the largest item in the but to adopt tough economic policies even though both are populists. Some senior executives privately support a Refahled government, believing it would allow Motherland's strong economic team to run

Inflation is running at 81 per ceot a year. Real yields on treasury bills are close to 40 per

government budget.

Without some structural reforms to control the budget deficit, forecast at \$11.64bn or 7 per cent of gross domestic product this year, interest rates could rise steeply in the autumn, deepeoing economic instability.

There is a small but growing number of pessimists who

no one can take

expect some serious unrest. They see no chance of the centre right uniting. They think an Ecevit or Erbakan government would fail An Istanbul-based US businessman, until recently an

economic disruption and politi-

cal polarisation. There no leadership, nohody has the further." streogth to impose a sensible

'Service with a yawn' in Germany's shops

By Michael Lindemann in Bonn

German shoppers are not receiving the service they should, because sales assistants spend too much time reading and even yawning, instead of focusing on clients' needs, according to an

international retailers' survey.

The International Menswear Group (IMG), an association of menswear retailers in 12 countries with combined sales of about DM500m (\$330m), said German sales assistants were ringing up sales worth only DM220,000 per year, while their international counterparts can manage twice as much – up to DM600,000.

During the IMG's annual meeting, held in Germany last week, members visited a number of sbopping areas which, according to Mr Heinrich Thomas Rusche, IMG's German

representative, did not impress the visitors "I took my colleagues from the US and Australia up and down high streets in Frankfurt and Berlin and they were horrified," Mr Rusche said. "Sales assistants were sitting down, they were reading - some were even yawning. Basically, the message the shopper got is 'What do you want here?"

Mr Rusche said the poor turnover figures were exacerbated by the fact that Germans generally have little regard for people working

"The service mentality is simply underdeveloped and now, at a time when we are in a retail crisis, savings are being made at the wrong end, by reducing the number of staff, by neglecting their training. The readiness of a sales assistant to provide a service sinks even

Germany's rigid shop opening hours did not help build proper relationships with clients

has always been that the seller had to be at the market at a time nominated by the buyer. This is clearly something that has escaped German

The IMG comparative figures - the ssociatioo includes among its members shops like Simpsons of Piccadilly in the UK and Old England in Italy – come just as a law to liberalise Germany's restrictive shopping hours finally received its first reading last week in the Bundestag, the lower house of parliament.

There is, however, still a good deal of disquiet about any liberalisation - even among the ranks of Chancellor Helmut Kohl's Christian Democratic Unioo.

Some CDU deputies fear that shop assistants will have to work looger hours and that the changes will result in an influx of cheaper labour enjoying fewer of the generous social

benefits which are standard in Germany. Significantly, Mr Norbert Blum, the labour minister who heads the left-leaning faction within the party, has finally thrown his weight behind the liberalisation measures.

Others have vowed to continue their battle against more flexible shopping bours. Mr Julius Louven, the CDU's social affairs spokesman, warned last week that be would try to force some changes to the government's oroposals. "Until we finally decide, there is still a need to

settle a number of issues." Mr Louven said. Mr Rusche admitted that while the IMG figures were restricted to quality menswear shops, the German figures incinded a broad range of retailers. "But eveo among the top-of-the-range retailers I know of oobody wbo can generate sales of more than DM350,000," be

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Czech political leaders launch poll campaigns

Mr Vaclav Klaus, the Czech only 19 per cent for the CSSD prime minister, and other political leaders hit the camban where Mr Klaus and CSSD aign trail yesterday, on the first official day of campaigning for parliamentary elections that the current premier is considered likely to win, AP

reports from Prague.

"We offer you liberty and prosperity," Mr Klaus told about 1,000 supporters on Prague's Old Town Square.

Most opinion polls sugge Mr Klaus's governing coalition will continue in office, largely because he helped steer the Czech economy on a freemarket course without many of the hardships suffered by other post-Communist coun-

In the west, the Klaus government is given high ratings for fostering political stability and economic reform. This has made the Czech Republic the frontrumer among candidates for European Union and Nato

Sixteen parties will compete in the May 31-June 1 ballot, but only six stand a chance of ng represented in the 200-

Mr Klaus's Civic Democratic party (ODS) is leading in all eight of the country's regions.

a poll released yesterday ODS has its largest lead over the main opposition party, the Social Democrats (CSSD), in Pragoe, where it has the sup-

port of 38 per cent of voters to

But Northern Moravia, where Mr Klaus and CSSD leader Mr Milos Zeman are to be ODS's weakest region, where it narrowly leads with 29.5 per cent to CSSD's 25.8

Overall, ODS remained com-fortably ahead of CSSD with 29.1 per cent support compared to 20.4 per cent.

The poll also showed that the current governing coalition, led by ODS, is strongest in Prague, with the support of 55.8 per cent of the electorate, while its weakest position is in western Bobemia, where it has only a 39 per cent rating. Leftwing parties fared hest in western Bobemia, with the Commonist party (KSCM)

gaining 16 per cent support. The junior ruling coalition partner Christian Democratic Union (KDU-CSL) of vice-pre-mier Mr Josef Lux finds its snpport mainly in sonthern Moravia, a largely rural area, where the party polled 14 per cent, the poli showed.

Another junior governing partner, the Civic Democratic Alliance (ODA), received its largest support base in Prague

with 11 per cent. The nitra-right Republican party has its largest support in south Bohemia, central Bohemia and northern Moravia, with 11-12 per cent of respondents in these areas saying they would vote Republican.

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US big business fears sanctions

in New York

With some of the higgest US manufacturers bracing them-selves yesterday for retaliation from China in the latest trade dispute between the two nations, the thinly-disguised disagreement in husiness circles over Washington's bandling of the situation threateued to break out in public.

Big aerospace and automobile companies, in particular, fear they will suffer most from the latest round of sabre-rattling, while executives in the software and entertainment industries, traditional supporters of President Clinton, lined up yesterday to support the US administration's hard line on

In a statement that made little attempt to veil his company's concero about the tough US stance, Mr Wayne Booker, executive vice-president of Ford Motor, said: "We do not believe unilateral sanctions by either country are constructive or likely to lead to a solution."

His concerns were echoed in a more tempered response from the Emergency Committee for American Trade, a group of exporting companies. lts chairman, Mr Duane Burnham, chief executive of Abbott Laboratories, said members strongly support expansion of US-China trade ties, including the extension of China's most-

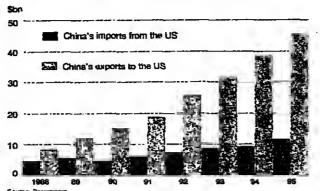


favoured-nation trading sta-

These and other reactions yesterday pointed to growing fears among some US executives that the festering disputes over trade and human rights bave cost American companies husiness in China. Several hig contracts awarded to European compa-

nies in the past year have pro-voked accusations of political preference in the US. A month ago, China passed over Boeing and McDonnell Douglas in favour of Airbus, the consor-tium of European aircraft makers, when placing a \$1.5bn order for 30 new jets. Last

US and China on the warpath: the hit lists



Mercedes-Benz rather than sure" if such contracts are awarded on political grounds, said one US car industry executive. "For us, it's a secondary

The outbreak of coucern also reflects a fear the Chinese will use recently agreed, but not yet confirmed, orders and contracts as leverage in the dis-pute. Threatening to withhold final agreements, or cancelling them, would hring the most direct leverage, General Motors says it

expects to invest \$2bn in a range of ventures in China over the next couple of years". Half of that is earmarked for a new mid-sized car plant in Shanghal that, though agreed in principle, has yet to receive formal approval. Boeing and McDonnell Douglas are awaiting confirmation of orders for new aircraft. Among supporters for the US

stance yesterday, Mr Gerald Levin. Time Warner chalrman, said: "I congratulate the Clinton administration and con-gressional leaders on their resolve to demand fair and open markets for US intellectual property products in China.

Separately, Chrysler said it was seeking agreement to build a small car for the Chinese mass market, writes Tooy

China threatens to out goods such as:

Agricultural and husbandry

O Vehicles à spare parts. 2 Telecommunications equipment

Cameras, tobacco & And to suspend:

moorts of audio-visual products Approval of some joint-ventures, including tourism & commerce

Walker in Beijing. Chrysler to the Ministry of Machinery Industry. Mr Thomas Gale, Chrysler executive vice-president, said: "Our eyes are open to all possibilities in the Chinese car market.

The US company produces its Jeep Cherokee in partnership with Beijing Auto Works and plans to lift production from 80,000 to 150,000 units a year by 2000. China has placed a freeze on new entrants to car manufacturing until the end of this year while it consolidates a rapidly growing industry. Amoog foreign manufacturers

Concern growing in Hong Kong

By John Ridding in Hong Kong

Hong Kong is viewing the escalating dispute between its two largest trading partners with concern, hut not yet

"We are always worried wben relations between any of our major trading partners are had because we are the piggy in the middle," says Mr Tony Miller, director general of Hong Kong's trade depart.

For the moment, bowever. the Sino-US row has not sbaken business and investors. The stock market continued its rally yesterday, with the Hang Seng index gaining 46 points to close at 10,863 before the sanctions announcements. The initial impact of \$2bn to \$3hn of US sanctions was seen

as limited. "Even if you take a port operator such as Hutchison or MTL, then the ultimate effect on trade going through their Hong Kong berths is not too significant," said one freight executive.

Of moch greater concern to businessmen and investors is the risk of a tit-for-tat row and the potential implications for the renewal of China's Most Favoured Nation trading status with the

WORLD TRADE NEWS DIGEST

Korea Telecom in Hanoi deal

Korea Telecom, the state-run South Korean telecoms company, said yesterday Hanoi had approved a \$40m project to install and operate telephone lines in three provinces in northero Vietnam. Mr Kyun-Chul Park, managing director of Korea Telecom's Hanoi office, said the work would be carried out under a "business co-operation contract" (BCC) with Vietnam Posts and Telecommunications (VNPT), the state elecoms monopoly.

Vietnam plans to increase telephone penetration to S lines per 100 people by 2000, from one per 100 people now.

Once the lines are installed, Korea Telecom would share call evenue with VNPT for seven years, Mr Park said. However he leclined to say how the revenue would be split.

Revenue-sharing has been a sore point in talks between VNPT and four other foreign telecoms companies also seeking BCCs with VNPT. The four - Cable & Wireless of Britain, Telstra of Australia, NTT International of Japan and France Telecom have been discussing possible terms with VNPT for over a

UK and Japan in joint aid plan

The UK and Japan are to carry out a £3.75m (\$5.7m) joint aid project in Bosnia, their most important such venture since London and Tokyo agreed to co-operate on foreign aid 18 months ago. While the aid is small, Japanese foreign ministry officials say the project is diplomatically important as the first joint venture with the Uk in Bosnia. The aid, which is untied, will be used to repair two electrical power lines over the next

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CETTA III. National National

The UK and Japan bave already joined forces to provide echnical assistance and aid in Zambia, have co-ordinated their aid policles on South Africa and have provided technical assistance in Tanzania and Kenya.

Japan also holds regular consultations on aid policies with other leading donors such as France and Germany. Japanese officials are keen to extend aid joint ventures because of their lack of experience in developing countries outside Asia, which receives 60 per cent of Japanese aid. William Dawkins, Tokyo

Thai semiconductor unit planned

Texas Instruments of the US, Acer of Taiwan and Thailand's Alphatec Group yesterday announced plans to invest \$200m in a new semiconductor assembly and test facility in Thailand. Production is expected to begin in the second half of 1997, handling 150m units a year.

Mr Charn Uswachoke, bead of the Alphatec Gronp, will personally hold SI per cent of the new company, called Alpha Memory. Texas Instruments will own 33 per cent, with the remaining 16 per cent held by Tl-Acer, a Taiwanese oint-venture between Texas Instruments and Acer.

Alpha Memory is the second joint venture involving Mr Charn and Texas Instruments, Last December they formed Alpha-TI a \$1.2bn company to build advanced memory chips, known as D-Rams. Some production from Alpha-TI is expected to be passed on to Alpha Memory for final assembly and

EBRD takes Latvia bank stake The European Bank for Reconstruction and Development is to

take a 23 per cent stake in Latvijas Unibanka, Latvia's largest commercial bank, with an investment of about \$10m. The Latvian government stake will be reduced from around 47 per cent to 25 per cent, while another foreign investor is to inject around \$5m to acquire a stake of 11 per cent.

The EBRD equity stake follows its provision of a Eculom
(\$19.8m) line of credit to the bank last December.

Mr David Hexter, EBRD deputy vice president, said the injection of new equity would enable Latvijas Unibanka to serve its customers more effectively as Latvia moved towards a market-oriented economy and would help it to expand its corporate lending. Kevin Done, East Europe Correspondent

■ Nokia Telecommunications has won a \$30m order to expand venture between PT Rajasa Hazanah Perkasa and Indonesia's state-owned PT Telekomunikasi Indonesia.

year, a big car project went to Peugeot. Citroen and Daihatsu. Unctad bounces back with a new lease of life

The agency's conference in South Africa showed the threat of abolition has gone, writes Mark Ashurst

"IN THE NAME OF GOD"

INVITATION

PREQUALIFICATION OF

APPLICANTS FOR

2 X 160 MW HINI MINI

HYDROELECTRIC POWER PLANT Iran Water & Power Resources Development Company (IWPC) invites

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butterfly valves (Lot 4).

r Rubens Ricupero, secretary general of the United Nations Conference on Trade and Development, believes the 32year-old body is embarking on

a renaissance. Amid allegations that its role has been sidelined by the growing influence of the World Trade Organisation (WTO). Unctad's nintb quadrennial conference has revitalised its mission: to champion the interests of developing countries on the world trade agenda.

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4. Supply and supervision of erection of I & C and protection systems

Each lot shall be financed by the tenderers independently, and separate

The applicants themselves or their authorized representatives may obtain

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equipment and erection of all main & auxiliary electrical &

PLANT in Ilam province of the ISLAMIC REPUBLIC OF TRAN.

mechanical equipment (Lot 3).

July 10, 1996 at the following address:

buperfly valves (Lot 4).

solidarity," said Mr Ricupero, The 14-day conference, which closed in Sonth Africa at the weekend, was the largest international gathering on trade and development. As more than 2,000 delegates including 62 ministers from 134 countries returned home, it was clear Mr Ricupero bad achieved bis immediate priority of rescuing the Geneva-based agency from

the threat of abolition.

A former Brazilian finance minister and trade envoy. Mr Ricupero was recruited to Unctad last year by UN secretary-general Boutros Boutros Ghali to bring new focus to Unctad's work.

In the wake of a 10 per cent cut in jobs, the conference agreed to streamline its activities by scrapping one of its two annual executive meetings and reducing the

number of subsidiary commissions from seven to three. These will deal with trade in

goods, services and commodi-

ties; investment, technology

and finance; and enterprise, business facilitation and development But there is scant evidence that a more efficient Unctad will become more effective. It has often been described as "the conscience of the UN"

oping countries marginalised by world trade. Neither the UN nor the WTO is bound by Unctad's recommendations, and its influence is no less questionable among poor countries than it is among

because of its ties with devel-

developed ones. For example, though compensation for the poorest countries was agreed at the Uruguay Round trade talks.

"Unctad has never been a years.

information and proposals on problems relating to debt. explains Mr Ricupero. Its achievements, too, are marred by an overlap with ini-

forum for debt negotiations. Its role is to provide analytical

tiatives from other organisations. A resolution to explore options for a multilateral framework on foreign direct investment in developing countries followed similar proposals in the OECD.

However, Unctad's survival has revived hopes of improved co-operation between the developed world and the Group of 77 nations, which represents 132 of the least developed coun-

"I have a strong sense from G77 that it's been a good dialogue... We're moving from single issues to holistic analy sis." said Mr Alec Erwin, Sonth ing the terms of that agree- industry, who will be president of Unctad for the next four

Imported US apples fail to grab big slice of Japanese pie

Worries about food preservatives and fierce competition from local produce have taken much of the shine off US exporters' hopes

Japanese food imports: eating into the market

mported US apples which arrived in Japanese shops amid much fanfare in the winter of 1994 have all but disappeared from Japan in their

In the first year after inteose US government pressure opened Japan's doors to Golden Delicious and Red Delicious apples from the US. nearly 8.500 tonnes were imported. Sioce then sales have plunged to 803 tonnes. less than a tenth. in comparison Japan's apple harvest last year was 963,300 tons.

Jusco, a leading supermarket chain, did not stock any US apples this year while ito Yokado, a competitor, sold only half the amount it had planned in the December to April seasoo.
"Last year, when the market

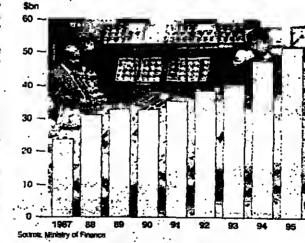
was liberalised, we carried US apples in our stores so that we could have a wide product range, hut this year we did not carry any because Japanese consumers prefer domestic apples," explained Jusco.

Most retailers ascribe the poor performance of US apples to consumer preference. Japa-nese consumers like their apples sweet. "The season for US apples happens to coincide with that for domestic apples such as Jonah Gold and Ohrin, which are very sweet," says

Sales of US apples have also been burt by the popular perception, propagated by con-sumer groups, that the imported apples have heen soaked in preservatives to help them survive the journey across the Pacific.

One consumer, Mrs Keiko
Miyaguchi of Saitama, north of

Tokyo, says: "My frieods shun US apples because they are afrald of the preservatives. Since there are so many Japaoese varieties to choose from,



they see oo need to huy apples domestic growers to lower dis-which could be covered with tribution and handling costs. preservatives.

Because the apples are such directly from growers, rather a dark red, it reminds them of than through wholesalers, to the poisocous apple in Snow reduce distribution costs. That

"They have met our requirements and that is why they have been allowed into the country," an official said. country," an official said.

mould prevention preserva-tives were detected in some shipments last year.

US apples have not been belied either by the lack of enthusiasm abown by some

retailers towards them. Jusco openly admits that it favours stic produce in its stores. To belo Japanese apples compete with those from the US on price - which was considered one of the major advantages of US apples - Jusco worked with

also meant it could cut han-The ministry of agriculture dling costs substantially. denies that US apples are any Previoosiy, opples which less safe than Japanese apples. arrived at Jusco supermarkets were sorted by size and grade at more than 20 points. First.

Jusco started buying apples

the growers would sort them roughly according to size, then Nevertheless: there is the agricultural co-operatives deep-roosed concern about the would put them through sortuse of preservatives, which ing machines and wholesalers appeared to be justified when would classify them by quality within a size group, and so on along the distribution chain. By, huying directly from growers, and selling roughly similar apples in hags of six or so, rather than individually by

class, Jusco was able to cut the price of domestic apples by about 30 per cent. Japanese consumers may he some of the most finicky in the world, but they are bardly averse to imports, even of food.

ucts, with food imports growing last year to \$51.49bn. The US is the largest supplier of food imports, with a 28.8 per cent market share, according to the Japan External Trade Organisation.

importer of agricultural prod-

US cherries, for examples saw imports jump from S.814 tounes in 1991, when the market was liberalised to 12,208 tonnes last year. The level of imports compares favourably with domestic production of 15,300 tonnes last year. Although US Bing cherries taste and look very different from the Japanese variety. which is smaller, sweeter and lighter in colour, they have a distinct advantage in being much cheaper.
US beef has also won wide

acceptance, in spite of initial scepticism. In 1987. Mr Tsutomu Hata, then agriculture minister, said Japan could not liberalise beef imports since Japanese bave longer intes-tines than Americans, making it harder for them to digest US

In defiance of Mr Hata's concern. US beef bas gone on to capture nearly 30 per cent of the Japanese market, with imports reaching 298,459 tons last year, according to the US Meat Export Federation, Japan now relies on imports for nearly 60 per cent of its beef

US apples may eventually share the happier experience of other agricultural imports to Japan. But having stumbled in its second season on the market, and faced with a poor image among consumers and stiffer competition from domestic growers. US apples will need more than a marketing blitz to win a larger share of

Michiyo Nakamoto

Electrical & Mechanical Department (Mr. Kiani) Building No. 1. sixth Floor. No. 212 Nejatollahi Street. Tehron - IRAN Tel. (+98) 21 8801038.9 Fax (+98) 21 897635

Manistry of Energy Iran Water & Power

"IN THE NAME OF GOO"

INVITATION PREQUALIFICATION OF APPLICANTS FOR 3 X 250 MW KARUN 4

HYDROELECTRIC POWER PLANT Iran Water & Power Resources Development Company (TWPC) invites

applicants to provide information for prequalification of the following part(s) of the 3 x 250 MW KARUN 4 HYDROELECTRIC POWER PLANT in Khuzestan province of the ISLAMIC REPUBLIC OF IRAN. 1. Project management, supply of auxiliary electrical & mechanical equipment and erection of all main & auxiliary electrical &

mechanical equipment (Lot 3). 2. Supply and supervision of erection of 3 No. vertical shaft Francis turbines that head of 147 mt complete with governors and 3 No. butterfly valves (Lot 4).

nerators complete with excitation systems and switchgear (Lot 5). 4. Supply and supervision of crection of 1 & C and protection systems (Lot 6) Each lot shall be financed by the tenderers independently, and separate

3. Supply and supervision of erection of 3 No. vertical synchronous

prequalification documents are to be submitted for each lot. The applicants themselves or their authorized representatives may obtain prequalification documents from June 9, 1996, onwards and are required

to submit completed prequalification documents before 12.00 hours on July 10, 1996 at the following address: Iran Water & Power Resources Development Company

Electrical & Mechanical Department (Mr. Kiani) Building No. 1, sixth Floor. No. 212 Neiatollahi Street. Tehran - IRAN Tel. (+98) 21 8801038-9 Fax (+98) 21 897635

Fax (+98) 21 897635

Tehran - IRAN

"IN THE NAME OF GOD" INVITATION

PREQUALIFICATION OF INT Water & Person APPLICANTS FOR Resented to Designment Co. 4 x 250 MW UPPER GOTVAND HYDROELECTRIC POWER PLANT

Iran Water & Power Resources Development Company (IWPC) invites applicants to provide information for prequalification of the following partis) of the 4 x 250 MW UPPER GOTVAND HYDROELECTRIC POWER PLANT in Khuzestan province of the ISLAMIC REPUBLIC 1. Project management, supply of auxiliary electrical & mechanical

equipment and erection of all main & auxiliary electrical & mechanical equipment (Lot 3). 2. Supply and supervision of erection of 4 No. vehical shaft Francis

turbutes (net head of 112m to 159m) complete with governors and 4 No. butterfly valves (Let 4). 3. Supply and supervision of enauton of 4 No. vertical synchronous generators complete with excitation systems and switchgear (Lot 5). 4. Supply and supervision of erection of 1 & C and protection systems

Each lot shall be financed by the tenderors independently, and separate prequalification documents are to be submined for each lot, The applicants themselves or their authorized representatives may obtain

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Mr Rupert Murdoch's News Corporation has pulled out of the multi-billion dollar bidding for global broadcasting rights for the World Cup soccer finals in 2002 and 2006.

Neither News Corporation nor Fifa, the world governing body for football, would comment on the withdrawal. Fifa yesterday published a list of final offers received by

yesterday's deadline. Apart from the withdrawal of Mr Murdoch, the list revealed two surprise additions: Cable TV (Hong Kong) and a combined offer involving Fifa's long-term marketing arm ISL, and the German media group Kirch through its share holding in ISPR.

Final offers have also been received from Capital Cities ABC, the subsidiary of Walt Disney, and owner of ESPN, the US cable network programme, the Swiss-hased sports company CWL-Lutbi. the International Management Group beaded by Mr Mark McCormack, and Team, the Lucerne-based marketing arm for the Champions League run hy Uefa, the European football

According to some media analysts yesterday, one reason behind the Murdoch pullout is the widespread scepticism about the bidding process implemented by Fifa, leading News Corporation to opt to

await developments. One senior executive closely linked to the offers yesterday said he thought it possible that the hidding process might be opposed by members of Fifa's executive committee when it meets on May 31 to discuss a report on the offers.

One of the objections raised hy media groups is that offers are being sought for two world cups during a period when market conditions for broadcasting rights are expected to change substantially.

Meanwhile Fifa yesterday confirmed its refusal of a proposal that South Korea and Japan co-host the 2002 World

Record \$200bn flows into emerging economies Private capital flows to

emerging economies 150 ---100

By George Graham, Banking Correspond

Private capital flows to the world's largest emerging economies reached a record \$200.7bn last year, despite the shock of the Mexican currency crisis, according to figures compiled by the Institute of International Finance.

The IIF. a Washington-based grouping of banks and financial institutions, said bond finance for the 31 principal emerging markets wake of the Mexican crisis.

Bank funding, however, had taken up the slack, while equity investment continued to

Net equity investment rose hy 3 per cent to \$94.6bm, and the UF forecasts net equity flows of more than \$102bn in

Mr Bill Cline, the Institute's chief economist, said the sustained level of private capital flows was "quite remarkable" considering the test posed to the international financial system by the Mexican peso crisis. The supply of capital started to reopen to many

remains plentiful but borrowers are being cautious, the result is that interest rate spreads paid by Latin American borrowers, which had widened to almost 5 percentage points in the immediate aftermath of the peso crisis last February, have narrowed back to the level of about 21/2 points paid before the

Public and private sector borrowers together have issued more than \$200bn of bonds since 1990, when the international capital markets

Because many of these bond issues had maturities of five years or less, the number of redemptions will rise sharply over the next few years. That indicates that international bond issues will have to rise sharply over the next two years just to keep net flows of

A number of sovereign borrowers, particularly in Latin America, have taken advantage of more favourable market conditions to lengthen the maturitles of their bonds. The average maturity of

capital constant.

bonds issued in the first quarter of this year lengthened years in 1995.

The IIF is forecasting that net flows from private non-bank creditors, principally bond financing, will recover this year to the \$44bn level recorded in 1994 Bank financing. the institute estimates, will fall back to \$50.7bn after 1995's surge to

Mr Charles Dallara, the Institute's managing director, said that despite evident problems in the economic

Bulgaria, a default on Bulgarian deht was not probable this year. Nor, if a default should occur, would it be likely to damage other financial markets, as Mexico's problems had done.

"We don't see the potential in 1996 for a debt servicing problem on their Brady bonds," he said, although he warned that economic policy corrections were needed

"Even if the Bulgarian

situation were to deteriorate

further, I see little potential for

Tajik fighting splits north and south G10 recipe for IMF loan will come to a country still healing its civil war wounds

Tajikistan: the IMF moves in

tional Monetary Fund announced a 822m Ioan to Tajikistan last week, its government might have been tempted to cheer.

The agreement which involves an BIF backed austerity programme, follows a year of difficult negotiations and is a hig boost to an impoverished country torn apart by civil war three years ago.

Although it is an important hoost for the government's credibility, the IMF's demand for tight budget discipline comes at a time when social tensions and economic rivalries have erupted this week in the north - hitherto the country's one peaceful region.

Demonstrations against the Kulyahi minority from the south, by up to 5,000 people. bave been under way since Sunday in northern cities such as Khodjent and Ura-Tyupe. The Kulyabis are resented for allegedly taking over shops, bouses and government posts from local people.

The north is the only area to have attracted significant forelgn investment

It largely avoided the 1992 civil war - being cut off from the south by mountains - and has a rich supply of cotton and minerals. Zeravshan Gold, a British-Tajik joint venture, started producing gold earlier this year in the north and expects to produce 3.5 tonnes a

The disturbances are omi-

7 hen the Interna- nous for the republic's 5m pop-

So far, investors have reacted calmly to events. Mr Kwon Yeng Rok, a South Korean director of a Khodjent textile joint venture, cheerily dismisses fears of violence, "Common sense will prevail here," he says. However, the demonstrations

reveal the shifting political alliances in the geopolitically sensitive republic. The 1992 Tajik civil war was

largely driven hy rivalries between different valley The faction that won the war, and now forms the gov-

ernment, is from the poor

Kulyab area in the south. This

group has up to now been supported by the Russians, who have 25,000 troops in the area. But to beat the Islamic and democratic opposition, which was formed from other regional factions, the Kulyahis also allied with Tajiks from the north. This was the republic's rich, industrial area, and dominated the Communist party during the Soviet era.

ver the past year, this alliance has started to unravel, partly because of squabbles over resources such as cotton and the growing drugs trade. The Khodjentis are also irritated by the Kulyabis' failure to make peace with the opposition who lost the civil war and are continning to attack the republic from



bases in Afghanistan. The tension bas been fuelled by the economic gap between the rich north and poor south, triggering a migration of Kulyabis into the north.

This week's protests began when a popular local restaurateur in Khodjent was murdered at the weekend. This led to calls for the departure of all Kulyahis and the sacking of Kulvabi officials. The demonstrators also

demanded that local constipts

no longer be sent south to fight. "Let the Kulyahis go home and clean up their own mess," one demonstrator shouted at the rallies. A truck driver added: "If the Kulyab! don't leave, there will be war.'

500

These wild predictions are probably exaggerated. But local politicians are aware that the civil war started with simiiar rallies

President Imamali Rakhmonov, whose rise to power was backed by Russia, is taking the

protests seriously; a local Kuly-abi police chief in the north has been sacked, and crack troops have been sent there.

The president has reason to feel nervous. Three months ago, be faced a separate military challenge when two southern war lords revolted. The insurgents were apparently appeased, but their revolt weakened Mr Rakhmonov.

Separate fighting bas also flared in south-east Tajikistan, after the opposition invaded the strategic Tajik town of Tavil-Dara. United Nationssponsored peace talks appear

There is widespread poverty in the south and IMF backed budget deficit cuts could hit state salaries and benefits.

Western economists insist these problems should ease as the economy stabilises, particularly if the IMF agreement attracts western investment and assistance. The IMF loan will probably be followed by \$55m-worth of assistance from the World Bank,

But Tajikistan's tracedy is that it will be difficult to reform the economy while political instability lingers. As this week's events have shown, it may be equally difficult to solve the political tensions while the country's limited resources are so unevenly

Gillian Tett and

bond defaulters

By Graham Bowley, **Economics Staff**

The International Monetary Fund should consider lending money to countries which are in default with their bond holders, the Group of Ten leading industrial nations said yester-

At present, the IMF lends money in exceptional circumstances to countries in default on commercial bank loans. The G10 said this facility should be extended to countries in default on bonds and other securities in order not to exacerbate countries' adjustment problems in the wake of a Mexican-style financial crisis.

The proposal is one of a series of suggestions by the G10, full details of which were disclosed yesterday, aimed at ensuring a faster and more orderly resolution in the event of another financial crisis such as that in Mexico in December 1994.

Then, the US led a \$40bn support package, which ensured full repayment of bondholders. But the G10 yesterday reiterated its view that in the future bondholders should not expect to be bailed out by governments or official institutions,

Instead it favours a marketled approach to resolving sovereign liquidity crises, in which debtor countries and creditors work among themselves to resolve their difficul-

Sander Thoenes Mr Mario Draghi, chairman

of the deputies of the G10, said: "Investors must bear the consequences of the decisions they make and should not expect the international community to rescue them when the next sovereign liquidity crisis comes to a head."

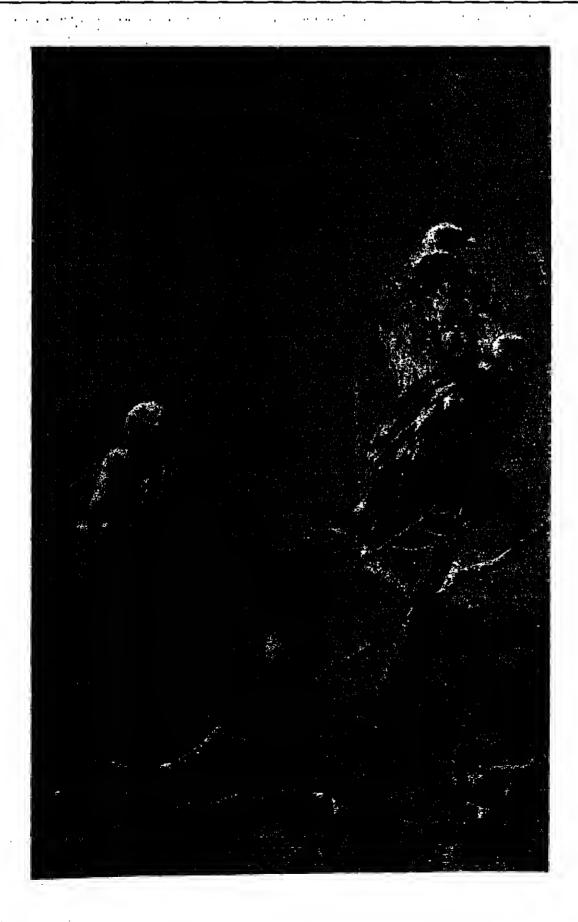
The report rejected as unnecessary and impractical far-reaching institutional changes such as applying international bankruptcy procedures in the event of a country defaulting on its debt.

Instead it proposed adding a number of provisions to bond cuntracts which would "help the resolution of a crisis by fostering dialogue and consultation between the sovereign debtor and its creditors, as well as among creditors".

These provisions would include a mechanism to promote collective representation among creditors. At present, bondholders, which are often numerous and vary greatly, are often poorly represented as one unit.

The bonds might also allow for qualified majority voting. At present, most bond contracts stipulate that unanimous agreement among bondholders is necessary before an agreement with the debtor

country can be struck. Finally, the G10 proposes that bonds might include a sharing clause, which would mean all bondholders would paid by the debtor country. Editorial Comment, Page 11



Can you put up a power transmission system without annoying your neighbors?

Economic development and environmental conservation are often seen as natural enemies. But by taking environmental considerations seriously early on in a project, ABB keeps any impact to a minimum. For

example in southern Africa, ABB was asked to erect 410 kilometers of transmission lines without disturbing an indigenous colony of Cape vultures. The project was executed with minimum disturbance during the breeding season between April and September. It is somewhat surprising therefore that this neighborly respect did not slow down the project.

In fact planning ahead combined with local knowledge and advanced technology meant the Zimbabwean section of the Matimba Bulawayo interconnection was completed ahead of schedule.

ABB is committed to the core principle of sustainable development. Balancing mankind's needs with those of Yes, you can. a delicate environment takes foresight and efficient, ecologically sound technology. This is what ABB offers to neighborhoods all over the world.

NEWS: ASIA-PACIFIC

FT writers profile Atal Behari Vajpayee, who will today be sworn in as PM of India's first ever BJP-led government, and H D Deve Gowda, who emerged as a compromise candidate to head the Janata Dal-led secular-regional coalition

'Softer face of the BJP' gets his chance at last

Mr Atal Behari Vajpayee has often been called the "softer face of the BJP".

In a party which prides itself on the strict discipline of its cadres, Mr Vajpayee has never been afraid to voice dissent

It is his uncompromising integrity and unblemished record as a parliamentarian for nearly 40 years that makes him more acceptable to the people than his Hindu rightwing party will ever be. When Hindu fanatics

destroyed a mosque in Ayod-hya in December 1992, sparking riots and claiming 2,000 lives across the country, Mr Vajpayee was the first strongly to condemn the party's involvement. As external affairs minister between 1977-79 in the Janata government, he managed to forge the best relations so far between India and Pakistan, despite the fact that he represented the Jana Sangh, an earlier incarnation of the BJP knowe for its hard line on relations between the two countries.

The 72-year-old bachelor from Gwalior In Madhya Pradesh is the consensus candidate for the BJP, not because he can speak out against the party's policies, but because there is

ble together a working major-

"One reason he is so acceptable to even those who are against his party, and why his party has never adversely reacted to his statements even if they are sometimes unacceptshle, is because there are no ulterior motives behind Mr Vajpayee's stataments," says Mr Dinanath Misra, a close

aldes, and commands more respect than any of the party's

Born into a middle-class family, the son of a Hindi scholar, Mr Vajpayee was fired with the nationalistic fervour of the time to participate in the Quit India movement against the British, for which he spent a short spell in jail in 1942. After a brief career in journalism, he

His unblemished record makes him more acceptable to the people of India than his party will ever be

associate of the prime minister-

His persuasive powers combined with a sparkling wit and brilliant oratory have made him one of India's most popular parliamentarians. "He has had the skill of ora-

tory right from the start," says Mr K.R. Malkani, a BJP leader and his colleague of over 50 years.
"He understands crowd psy-chology very well and is able to strike an instant rapport

with the people." Mr Vajpayee first entered parliament in 1957, winning the Balrampur Lower House seat as a candidate for the Jana Sangh. Within the party

joined the Rashtriya Swayam Sevak Sangh, the parent organisation of the BJP and its allies, to devote himself full-time to social work.

Apart from being drawn towards the highly disciplined Hindu RSS, he had links with the Congress freedom fighters. the Leftist Student's Federation of India, and the Arya Samaj, which propagated a more liberal form of Hinduism than did the RSS. "It is this plurality that made him suggest we work together as part of a national government in 1991," says a senior Congress

Mr Vajpayee's more moderate stance on Hinduism, the

handling of the Kashmir crisis and India's relations with Pakistan, had failed to win the BJP more than two seats in parliament in 1984. In 1989. however, Mr L.K. Advani capitalised on the Ayodhya temple issue to muster support for the

By 1991, Mr Advani's fiery assertions of *Hindutna* - the clamour for a Hindu state - and his assurances that the majority Hindu community would not be held to ransom by the minority Moslems because they constituted a crucial vote-bank, had won the party enough seats to make it the largest party in the opposi-

The BJP has realised that if it has become the single-largest party in the newly elected Lower House, it is as much because of the disintegration of the Congress party and a lack of options than due to its hardline Hindu agenda.

By projecting Mr Vajpayee as their leader, the party has admitted that It moved away from its Hindutva plank and plans to soften its stand against the minorities," a senior BJP MP said, "We are counting on Mr Vajpayee to be able to gather the support we need to form a government next month. If there is one person who is capable of doing this in the country at this



Gowda plays waiting game

Should Mr H.D. Deve Gowda, prime ministerial candidate of the newly forged alliance of secular and regional parties. eventually win India's highest executive office, he would be the country's first prime minister to speak virtually no Hindi. Mr Gowda, 63, speaks the Kannada tongue of his native

Karnataka, the southern state where he has been a state politician since 1962, after graduating with a diploma in engi-

Only a few days ago, the man who could lead a 175-seat coalition government, backed "from the outside" by Congress and India's communist parties, said: "I am not a national leader, 1 am a humble worker; my area of action will be con-

fined to Karnataka." Fate could decree otherwise after May 31 if the Bharatiya Janata party fails to secure a majority in the new Lok Sabha

India could thereafter be led by a self-proclaimed "son of the soil". a teetotal lifetime politician who still keeps a 20hectare farm.

"He's very rustic." says a Bangalore-based journalist. "and be doesn't find it neces-sary to appear sophisticated." However, behind the sleepy manner lies the mind of an adept politician, well known to he a good administrator, a pragmatist on economic policy who has backed liberalising reforms in Karnataka, and a canny manager of coalitions.

Mr Gowda "does his politics through coalitions," says a commentator.

He began in the Congress

party, but stayed with that part of Congress which split to form the present "social jus-tice" Janata Dal. After three years in Delhi as a Lok Sahha MP, he returned home in 1994 to become Karnataka's chief minister. His skill with alliances has strengthened the party there, which returned 15

of the JD's present 43 MPs. His quiet style has won more friends than enemies, one reason why he became the consensus candidate for the secularregional coalition. He is well viewed by Mr P.V. Narasimha Rao, whose Congress party is vital to the coalition's chances

prices are likely to affect com-

panies' plans for capital expen-diture and hiring," said Mr

Toshio Koyano, econ-

omist at Dai-Ichi Kangyo Bank.

Hashimoto, prime minister,

joined in the concerted effort yesterday, saying that while

the economy was gradually improving, the employment sit-

Other government officials

stressed that the central bank's

policy of keeping overnight

rates helow the official dis-

Mr Eisuke Sakakibara, direc-

tor-general of the Ministry of

Finance's international finance

bureau, told participants at a

seminar that the "market may

be misreading the situation if

it believes that rates will rise." Remarks by Mr Sakakibara, called "Mr Yen" by currency

treders due to his implem-

entation of dollar strengthen-

ing measures last year,

prompted selling of the yen.

the first time since April 26.

The dollar rose above Y106 for

count rate of 0.5 per cent

uation remained severe.

xild remain.

Meanwbile, Mr Ryutaro

Asia warned of need to act on water

By Edward Luce in Manita

Asian governments need to take action if the continent is to avert a looming water crisis, according to water experts meeting in Manila yesterday. They should move rapidly towards the "user pays" prin-ciple for water and educate consumers that water is a scarce economic good.

The meeting was bosted by the Asian Development Bank, which estimates that 180m orban dwellers and 690m rural people in Asia lack safe drinking water and access to proper

Demand for water was likely to double in Asia by 2025, the conference declared.

Governments should therefore act rapidly to create water

cities by the

Percentage of national water supplied to 80% Percentage supplied to cities through who will live in

management systems capable of meeting such an unprece-

dented explosion of demand. "To a certain extent, the water crisis has already started," said Mr Peter Rodgers, a water expert from Har-vard University.

What governments must do quickly is educate people that water is not free and that it is a service which must be paid for according to the 'user pays and the polluter pays' princi-ple. This will lead to the more efficient use of resources."

According to the ADB, most of Asia's "megacities", mban centres of 10m or more, waste 50 per cent of their water through leakage or theft. Countries which have moved to the "user pays" practice and contracted out distribution of water to private mauagement, such as the Solomon Islands, have cut wastage to

about 15 per cent, say experts. While stopping short of recprivatisation along British lines, water experts advised governments to contract out water management and water services to the private sector on a "concessionaire" basis and to ensure that consumers pay market rates for

Residential and industrial consumers should learn that water was as much an economic commodity as electric power or telecommunications. Nevertheless, governments,

for (S

some of which devote up to 25 per cent of their capital expenditure to water systems including dams, irrigation and piping - did not have access to the investment necessary to npdate Asia's creaky water systems, said experts. Involving the private sector in financing and management of water

reforms was vital.

"Asia is not necessarily facing a water shortage but it is certainly facing a crisis of how to manage its water snpply and how to fund the modernisation of its water systems," said Mr Paul Mosley, a water

expert at the ADB.

The challenge is to get consumers to pay for what they use and to get the rural sector. which uses up to 80 per cent of total water supply through irrigation, to use water more efficiently."

Laos, for example, which has resources of 66,000 cubic metres of water per head of its population annually, was a much less efficient user of water than Singapore with resources of only 220 cnbic metres per head every year, aaid experts. Becanae the island state priced water on market-based and transparent lines, residents had an incen-

capable of persuading smaller too, he is often called on to rights of minorities, and on the China rules out yuan devaluation Tokyo assurance on rates

By Tony Walker in Beijing

China yesterday ruled out a currency devaluation this year despite pressures from exporters and an expected slide in its trade halance. "A devaluation of the yuan will not happen," a spokesman for the State Administration of Exchange Control said.

The prospects for a balance in foreign exchange supply and demand are generally

Additional

takes up no

additional

room on your

expense

report.

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BELGRADE

BRATISLAVA

BRUSSELS

BUDAPEST

CRACOW

EDINBURG

FRANKFURT

THE HAGUE

HAMBURG

HELSINKI

IST. WRUL

LISBON

LONDON

LITTRIJANA

MADEIRA

MONTREUX

ST ANDREWS STUTTGART

MADRIO

MUNICH

PARIS

GENEVA

CRETE

Rates from

USD 218

SKK 4900

BEF 6850

DEM 132*

DEM 355

SFR 300 DEM 375

DEM 275*

FIM 950 USD 185

DEM 335 ESC 33,000

DEM 166 LUF 6.100 FF 5601 ESC 36,000

PTS SFR USD DEM CYP FF

CSK 4.240

remain relatively stable."

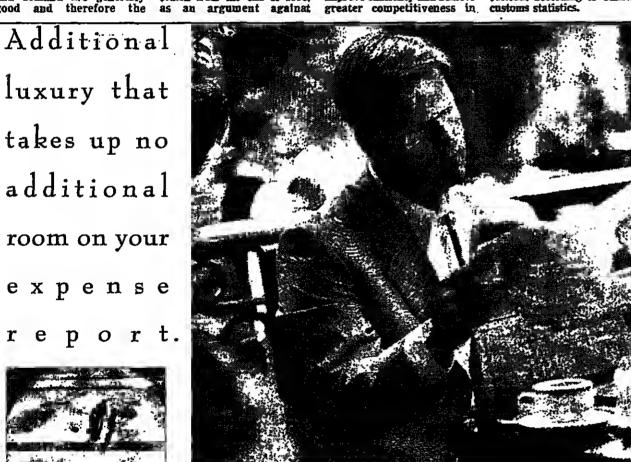
The SAEC spokesman's unusually forthright statement indicates official concern about speculation against the yuan. Beijing has made the stability of the yuan a watchword of recent economic policy. The spokesman pointed to China's healthy foreign exchange reserves, which reached \$80.83bn in March, up \$7.2bn from the end of 1995, as an argument against

exchange rate of the yuan will the need for a devaluation. He described a surplus on China's current account this year as "optimistically likely". Therefore, he said, the exchange rate "won't be much pressed to fluctuate".

The SAEC official called on state companies to "make realistic judgments" on the currency's value, saying a devaluation would "damp ongoing efforts by enterprises to improve efficiency and achieve

international markets" China, meanwhile, reported its second monthly trade surplus of the year in April. Exports exceeded imports by \$450m, but China recorded an overall deficit of \$700m in the first four months, with exports down 7.7 per cent to \$39.63 on the corresponding period last

Imports to the end of April were np 18.1 per cent to \$40.3bn, according to Chinese



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HOTELS AND RESORTS

spurs sharp rise in stocks reaction to expectations of rising interest rates. "The rise in Nikkel 225 Average (1000) the yen and falling share

The Bank of Japan yesterday moved to reassure financial markets that its monetary poltcy remained unchanged, helping to spur a sharp increase in share prices and a rise in the dollar against the ven. Investors were encouraged

rate stability. The benchmark Nikkel average rose 754.92, or 3.5 per cent, to 22,055.97 - regaining the 22,000 level for the first time in two weeks. Mr Yasuo Matsushita, the central bank governor, said while Japan's economy was

recovering gradually it still needed sufficient monetary support. His remarks come as government and central bank officials are trying to ease interest rate worries. Mr Matsushita's comments indicated a more cautious stance on Japan's economic

recovery compared with remarks he made last month. At that time be said that interest rates needed to rise in accordance with an economic recovery which had has triggered fears of an early rise in

Growing concern over an end to the Bank of Japan's

accommodating stance had affected investor confidence on the Tokyo stock market during the past few weeks and had depressed the dollar. In order to quell such worries, the Bank of Japan earlier

this week intervened heavily in domestic money markets, pushing the overnight lending rate to match its record low of 0.39 per cent. Economists said alarm had

been increasing among author-

Summit boosts Japanese PM

By William Dawkins in Tokyo

A successful US-Japan summit has brought a significant recovery in the domestic popularity of Mr Ryutaro Hashimoto. Japan's prime minister. according to an opinion poll released yesterday.

The survey by the Asahi Shimbun newspaper, not usually a supporter of Mr Hashi-moto's conservative Liberal Democratic party (LDP), shows 44 per cent public support for the Hashimoto cahinet, np from 36 per cent in the previ-

It attributed the improvement to Mr Hashimoto's handling of the summit with US president Bill Clinton last month, when Washington offered to return an airfield on the island of Okinawa to local landowners.

Mr Hashimoto's improved score in the polls increases the LDP's status as the largest party in Japan's fragmented would again fail to attract a parliamentary majority if the opposition brings off its dream of forcing a snap election.

Consolidation of LDP power is widely seen as good for business, at present enjoying an economic recovery, record low interest rates and rising share A new LDP government would have to form a coalition either with its existing partners, the left-wing Social Dem-

ocratic party, or with the cen-tre-right opposition New Frontier Party.
Legally, Mr Hashimoto does not have to call an election until July next year, but some senior LDP politicians believe it would be an advantage to hold a poll earlier, while the

opposition's popularity is low. Over the next six months, the government will have to take several decisions likely



Hashimoto: 44 per cent public support for his cabinet

to arouse opposition. First, it needs to obtain par-

liamentary approval for an unpopular plan to use public money to liquidate bankrupt housing loan companies. Later in the year, it will need to pass judgment on an existing plan to increase sales tax from 3 per cent to 5 per cent from next April. Many LDP politicians would like to delay the tax rise until after an election.

Shortly after taking office in January, Mr Hashimoto was the most popular LDP prime minister in nearly 25 years. But the honeymoon was brought to an end with emer-gence of the housing loan plan.

tive to use it sparingly. Singapore acts on property

By James Kynge in Kuala Lumpur

Share prices tumbled in Singapore yesterday after the government announced measures to check property speculation and avoid the type of real estate "bubble" which has hit other Asian economies.

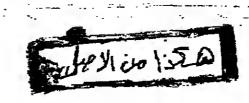
The city state's main share index, the Straits Times Industrial Index, fell 43.67 points, or 1.85 per cent, to close at Leading the decline was the market's property index, which slumped 5.51 per cent. The government move is expected to end a sustained surge in the prices of private homes, especially those in

prime areas. What Mr Lee Hsien Loong, the deputy prime minister, described as a "speculative frenzy" will certainly be tamed by the measures announced yesterday. A stamp duty of up to 3 per cent will be levied on

all sales of uncompleted residential property. In addition, both sellers and buyers will be required to pay a stamp duty for property sales within three years of purchase.

A sliding-scale tax on capital gains from selling properties within three years of purchase is designed to hit the wealthy harder than the poor and the government will enforce an 80 per cent limit on mortgages. Residential property in Singa-pore costs about S\$1,000

(US\$714) per square foot at the top end, against about \$\$1,500 per square foot in Hong Kong.
The blame for skyrocketing home prices has been laid at the door of foreign speculators. But the new measures, which include a ban on Singapore dol-lar loans to foreigners for residential property purchases, are unlikely to curb foreign buying. Many of the foreign buyers were wealthy individuals from Indonesia and Hong Kong who



Dole cranks up troubled campaign

By Jurek Martin in Washington

The C-Span caption last week perfectly summed up stage one of Bob Dole's campaign, which was to run for president from

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The words flitting across the political cable channel's coverage informed the viewer the US Senate was voting on "the Dole amendment to the Dole amendment", whatever it might have been.

Yesterday, the presumed Republican presidential candidate conceded he could not run for president from the Senate and certainly oot from the demanding position of majority leader. History could have told him this was likely; the last senator to graduate directly to the presidency from the Senate was John Kennedy in 1960, and no congressional party head this century has pulled off the

It was a course urged on him by a growing number of Republicans in and out of Congress, increasingly concerned that if he does not soon start reducing President Bill Clinton's 20-point polling lead then Republican control of Capitol Hill and of governorships and state houses across the country will be at risk this November.

But in distancing himself from his bome of 27 years, the last 13 of them as Republican leader in the Senate, Mr Dole. aged 72, is taking an equally big gamble. He is rolling the dice that be can match up favourably in bead-to-head battle with one of the most adept electoral politicians this country has seen in many a moon. For, whatever else may be said of Bill Clinton, nothing fires him up so much as a cam-

As the headline over a New York Times column this week by Garry Wills, the eminent historian and commentator. put it: "One sings, the other doesn't." The article concluded: "Mr Clinton's is an entertaining style, but thoughtful. Mr Dole's is moral but boring. Determined Idealists might bet on a boring morali ty ... but who will bet there

will be enough idealists?"
The Dole gamble, in effect, is to make this election less of a vote on policies, his milieu but a losing proposition so far, and more about character. He will bave to do something which be dislikes - talking about himself, where he comes from and what his values are - in order to make the case that he

deserves preference over Mr

That means, in crude terms, contrasting a distinguished war record against the absence of military service, stressing personal rectitude, age and experience over the president's presumed flightiness. Whitewater included, and pitting conventional small-town conservatism against the sort of big government "tax and spend" liberalism from which Mr Clinton has, at least io part, managed to dissociate

Mr Dole's decision was forced on him by two realities. The first is that Congress. where he hoped to differentiate himself from the president through an ambitious legislative agenda, has sunk into gridlock once more, with Democrats gleefully emulating the tactics Mr Dole himself employed against the Clinton programme in 1994.

The current stalemate, especially over cutting the petrol tax and/or increasing the federal minimum wage, is doing nothing for the reputation of Congress. The transparent "politicking" of the legislature is viewed in the country at large with disfavour, an irrelevance to the real "issues" of healthcare, crime and employ-ment which consume the pub-

The second reality reflects this, Mr Clinton's lead is so large, less because of a new national confidence in his abilities but far more because he has succeeded in tarring Mr Dole with the unpopular brush of Speaker Newt Gingrich and his fading radical Republican revolution. At least the majority leader, so the theory runs, can try to make himself free of that particular albatross.

Mr Dole has also taken one other important tactical decision consequent on setting aside his congressional duties. He will not now select a vicepresidential running mate before the party convention in mid-August. An early choice had been considered a live option as a way of gen necessary momentum in the

But Mr Dole has now taken on to his own shoulders the responsibility of lifting his campaign out of the trough. It did not, bowever, begin auspiclously yesterday. His chartered jet was grounded because aviation officials were not satisfied its flight attendants were properly trained.

AMERICAN NEWS DIGEST

Modest growth for US industry

US industrial production

Prospects for an early rise in US interest rates receded further yesterday after figures for industrial output reflected modest economic growth and little underlying upward pressure on inflation. The Federal Reserve said total industrial production jumped 0.9 per cent last month, but the rise reflected mostly the resumption of production at General Motors after a strike in March closed most of its plants for three weeks. Excluding the effect of the strike, industrial output would have been tlat in April Analysts said the

figures showed that economic growth was advancing at a Markets largely shrugged off the data, on the beels of figures on Tuesday showing only a 0.1 percentage point rise in the "core" consumer price index. Patti Waldmeir, Washington

Ecuadorean bank taken over

The Ecuadorean central bank is set to take over Banco Continental after the superintendency of banks removed the president and principal share holder. Mr Leonidas Ortega was removed after indications that the bank had misused loans by the central bank and had realised "fictitious" capital increases. On March 20 the central bank granted Banco Continental a credit of 485,000m sucres (\$156.5m) to overcome liquidity problems. In exchange the central bank appointed nine ont of 12 directors on the bank's executive board and began investigating capital increases and the use of previous credits. Raymond Colitt, Quito

Internet bill welcomed

The second section of the second seco

US telephone companies and online service providers yesterday cautiously welcomed a compromise bill to regulate yesterday cautiously welconted a compromise out to regulate copyright violations on the Internet, as a House of Representatives subcommittee began the task of preparing the complex legislation for a congressional vote. The legislation, which would shift much of the hurden for policing copyright violations on the Internet to the copyright owners, was described by one online service provider as "a step in the right direction, probably several steps in the right direction. But some expressed concern that the circumstances under which an online service provider would be guilty of infringement needed to be more strictly defined. The bill includes an important concession to service providers, stating that they would not be held liable where they were a "mere conduit" for information supplied by others. Patti Waldmeir, Washington

Balaguer likely to determine his successor

The Dominican Republic election may be decided in a run-off vote, writes Canute James

r Joaquio Balaguer, who bas dominated pouries in the Dominican Republic for the Dominic for the 30 years, looks set to play a key role in determining his successor as presi-dent in today's election.

Public opinioo polls suggest that Mr Jose Francisco Pena Gomez, the candidate of the Revolutionary party, will receive most votes, closely followed by Mr Leonel Fernandez of the Libera-tion party. Mr Pena Gomez, however, does not appear to be able to secure over 50 per cent of the votes, which be needs for an outright win. In that case, he would face Mr Fernandez in a run-off vote in six weeks.

The incumbent Reformist party of Mr Balaguer, a blind octogenarian who has served six terms, is split over support for Mr Jacinto Peynado, who became the party's candidate after a bitter and divisive primary election late last year. Mr Balaguer appears to feel that no other representative of the Reformist party apart from him-self is worthy of becoming president. Reformist leaders plan to tell supporters to vote for Mr Pernandez in the run-off, to give the 42-year-old lawyer the presidency. Mr Fernandez better represents the aspirations of Dominicans, according to a senior ruling party official. Aides to Mr Pena Gomez, who is black, suggest that race is a factor in the Reformists' likely choice of Mr Fernandez.

Mr Fernández's victory could prolong the retiring president's influence. But advisers to Mr Fernández say that the Liberation party candidate is his own man, who "will not compromise" on policy. However, the Congress is likely to remain dominated by the Reformist party, and Mr Balaguer this week appointed known loyalists to head the police and the army.

Mr Balaguer was the conservative and pro-US heir to his mentor, the dictator Rafael Leonidas Trujillo, who ran the country from 1830 until he was assassinated in 1961. Pliant legis-lators allowed him to emulate his predecessor and to rule by fiat. His legacy to the country is in the form of poblic works - roads, bridges, irriga-tion works, and the Columbus Lightbouse, constructed over 30 years and at a cost of \$100m-\$150m, to commem orate the quincentenary of the arrival of the navigator in the Americas. President Balaguer's retirement from politics, and the calling of the

the politics of the country of 7m people, which shares the Caribbean island of Hispaniola with Haiti. The president retained office in the 1994 election by a majority of less than I per cent. The Revolutionary party said that the presidency was stolen from Mr Pana Gomez, and that

there was widespread mismanage-

election half-way into his term, fol-lows pressure from the US to reform

Liberation party men: former president Juan Bosch and Leonel Fernández

ment and clear fraud in the voting. Poreign observers to the elections agreed, and the US and the European Union pushed for an early election. There is little difference in the policies being advocated by the three

leading contenders. They are all moderates, although the Revolutionary party was strongly social democrat until eight years ago, while the Liberation party was started by Mr Juan Bosch as a Marxist organisation, but now argues for a market economy.

They all support an acceleration of the deregulation of the economy grudgingly started by Mr Balaguer. He has been against the privatisation of state-owoed companies, claiming that they serve a "public good".

The priority for his successor will be a rehabilitation of the national electricity grid, probably through some degree of privatisation. Blackouts lasting up to 12 hours have been

caused by the inability of the stateowned power company to generate enough, while private suppliers. claiming they are owed millions of dollars by the company, have cut off

The candidates have also told Mr Renè Prèval, the new president of Haiti, that they intend to improve relations. A meeting last month of Mr Balaguer and Mr Préval followed many years of strained relations between the neighbours. Although no evidence has ever been presented, Mr Balaguer remains convinced, say some aides, that the US intends to force the eventual unification of the Dominican Republic and Haiti.

indications that the economy - based on tourism, sugar, gold and nickel continues to improve, following expansion by 4.8 per cent last year, a faster rate than that of the previous year. Mr Hector Valdez, central bank governor, has forecast expansion of 5 per cent this year, and inflation below months to the end of March.

The central electoral council said it had tried to prevent a repetition of the fraud and disorganisation which troubled the last election. "Fraudproof' paper has been used for ballots, the council said. There are fears. however, that more than this might be needed to guarantee a fair result.

Canada toughens stance on Quebec

By Bernard Simon in Toronto

Canada's Liberal government has sought to regain the initiative in the simmering debate over Quebec independence with a series of moves designed to remind the French-speaking province that secession is likely to be neither smooth nor painless.

But the new strategy could carry high risks. Mr Lucien Bouchard, Quebec's separatist premier and hy far the province's most popular politician, has accused Ottawa of creating a prison from which we cannot escape". The federal moves also threaten to deepen divisions over tactics among pro-Canada forces within Que several months of relative calm on the Quebec front in the wake of last October's independence referendam. which the federalist side won by a razor-thin margin of only 54,000 votes.

Mr Bouchard, who took over as premier in late January, bas concentrated on Quebec's economic problems. He has brushed off pressure from hard-line separatists to capitalise on their momentum with another quick referen-

However, the constitutional issue has been reignited by the federal government's decision to join a legal challenge to secession brought by Mr Guy Bertrand, a maverick Quebec

City lawyer. Mr Bertrand, a former separatist, has asked for a permanent injunction against future referendams that could lead to a unilateral declaration of independence. The government plans to argue in court that Quebec can only secede in accordance with the Canadian constitution, in other words, with the consent of the rest of the country. A referendum would thus not be binding. The case began in a Quebec City court this week.

Mr Jean Chrétien, prime minister, told parliament: "We are saying the laws of Canada must be respected, that there won't be a unilateral declaration of independence and that international law also must be

Mr Chrétien ls due to outline proposals for a devolution of powers to all 10 provinces at a meeting with the premiers in late June. The provinces are expected to gain wider jurisdiction over areas such as labour training, forestry and mining.

But the court challenge is a sign Ottawa will use every opportunity it can to put Mr Bonchard on the defensive. Earlier this year, Mr Chrétien backed a controversial sugges-tion by some members of Quehec's Eoglish-speaking and aboriginal communities that the province itself should be partitioned if it opted for inde-

Mr Bouchard, who has a reputation as a canny politician, has so far bided his time. He has backed away from threats to call an early election and has left the door open to participate at next month's premiers' conference. But be has continued to bold open the possibility of an election which his Parti Quebecois (PQ) would almost certainly win if the court upholds Mr Bertrand's legal challenge.



Monday, March 25.

9 a.m. meeting: Duesseldorf. I p.m. weeting: Like.

Tonight: Reception 8 p.m. New York. Then Home.

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Baring denies greed by bank chiefs

By John Gapper, Banking Editor

Mr Peter Baring, the former chairman of the merchant bank that collapsed last year with derivatives trading losses of £830m (\$1.26bn), yesterday denied that the bank's management had failed to prevent the collapse because of greed.

Mr Baring told members of

tha House of Commons Treasury Committee it was "absurd" to suggest that be and his fellow directors failed to uncover Mr Nick Leeson's deception in Singapore because they were happy to accept false

to their annual bonuses. "I do not think we were greedy, stu-pid or idle," Mr Baring told the committee. He said he and other directors shared the hlame for the collapse, hut refused to apportion the blame among individuals. In response to MPs' sugges-

tions thet directors might have knowingly concealed Mr Leeson's losses, he said it would have heen "grotesquely absurd" for directors to have risked going to jail to raise their honuses by 10 per cent. "The senior management would have been out of their minds to try to conceal it," said Mr Baring, who faced hostile and scentical questions from MPs about his lack of knowledge of the trading oper-ation headed by Mr Leeson. Mr Baring said he still

believed it was possible that Mr Leeson could have had a fellow conspirator outside Barings, a snggestion he first made in an interview with the FT after the collapse. But he had no evidence of that. Such a conspiracy would not lessen the responsibility of

directors. "The iasue of whether there was a conspir-acy is not important, except to the extent that there may be people out there who have not been caught." Mr Baring said.

By Robert Peston and John Kampfner at Westminster

British involvement in a joint

arms procurement agency

being set up by France and

Germany is likely to deepen

after talks in London yesterday between President Jacques

Chirac of France and Mr John

Major, the UK prime minister.

meeting as a great success, with Mr Major insisting that

the "relationship between

Britain and France is

extremely closa at the moment" and Mr Chirac sum-

ming up their negotiations as

However neither attempted

to gloss over their sharp differ-

ences on movement towards a

single European currency, as

Mr Chirac put pressure on the UK to sign up for the project.

In response to the urgings of Mr Chirac for France, Germany and the UK to develop the arms purchasing agency, Mr John Major said that in

principle he supported such a

move. The idea is that the

three countries should work

together when making sub-stantial military purchases, in the expectation that this will

deliver savings.
The UK agreed in March to

work through the agency on an initial contract for the pur-

chase of a multi-role armoured

vehicle. Mr Major stressed in a

press conference that the two

countries had "positive and

very detailed co-operation, in

defence in particular". However, Mr Chirac made it

clear that in respect of Euro-

pean Union policy, and espe-

cially European monetary

union, there were sharp differ-

In a speech to the joint

Houses of Parliament, Mr Chi-

rac acknowledged the British

government's concerns but

said he remained determined

that a single currency must

Britain had "complete free-

dom of choice", but be urged it

to look more to the benefits of

a single currency than to the disadvantages. "France wishes

Britain to be present in this

great endeavour, that is if you

consider it in your national

come into affect as scheduled

in January 1999.

tries.

"a real dialogue".

Both leaders bailed their

Despite heing pressed, be refused to say whom be thought most to blame among senior managers. "A number of us must share responsibility," he said. "I believe that all of those concerned have now left

Mr Baring was giving evi-dence to a inquiry by the committee of MPs into the collapse of Barings, along with Mr Andrew Tuckey, Barings' former deputy chairman. Mr Bar-ing has retired, but Mr Tuckey is still employed as a consultant by ING Barings.

the husiness

Mr Baring told the committee that ha earnad £1.4m in 1993 while Mr Tuckey had

Defence links set to become

earned £1.95m. Mr Leeson declared profits equivalent to 9 per cent of the bank's profits that year.

son's arhitrage trading on Singapore and Osaka futures exchanges appeared to "defy gravity" but the bank had been accustomed to making big prof-its in operations that involved relatively little trading risk.

He was worrled by Mr Leeson'a reported profits just before the collapse because "it seemed to me that it was improbable that tha level of profitability could persist," hut he had never doubted that the

threaten strikes over pupils' He admitted that Mr Leebehaviour

By John Authers in Londo

Teachers

Many harsh winds are blowing through the British public sec-tor. They include tight pay policies: tha introduction of private finance into public projects; and alleged underfunding. But nobody has come closer to provoking an all-out strike than two badly behaved

schoolboys. The National Association of Schoolmastars Union of Women Teachers (NASUWT), the UK's second largest trade union for teachers, has twice in the past month threatened to strike if its members are forced to teach pupils expelled from school for disruptive

In both cases the pupils had been reinstated by an indepen-dent appeals panel which had reviewed the evidence against them. But the teachers, who refused to accept these deci-sions, won on both occasions, with the municipal authorities eventually allowing the boys to be taught on their own, away from the schools' main stream classes.

Both cases were attended by beavy press publicity as the boys and their families were identified and their personal histories pored over in public. But they also identified broader trends. The strike threats were part of the cam-paign by the NASUWT, which is generally conservative and organised along the lines of a traditional craft union, to overtake the membership of the larger but less disciplined NUT, which is more leftwing and prone to internal division. Mr Nigel de Gruchy, the NASUWI's general secretary, took a controversial lina last

year when he said: "If society has a choice between kids being out of school and nicking cars, or in school assaulting teachers and children and disrupting lessons, then it should choose the former." The cases also followed evi-

dence that a growing group of pupils, mainly boys, were fail-ing to gain anything from

In 1993-94, the most recent year for which figures are available, a total of 10,624 popils were excluded from their schools indefinitely for disciplinary reasons. This might be linked to the growing proportion of pupils leav-ing school at 16 without qualifications, which rose from 7.0 per cent in 1993 to 8.1 per cent in 1995. The opposition Labour party has already labelled this

the "lost generation".

Most importantly, the recent cases highlighted the growing trend of violence in schools. Last December, Philip Lawrence, head of a London school, was stabled to death by teenagers outside the school gates. The case aroused national grief. It was not an isolated inci-

dent. According to a survey for the NUT, 60 per cent of schools had been vandalised by intruders in the past year while 10 per cent had been subject to arson attacks.

The Department for Education and Employment set up a working group into school security in the aftermath of the Lawrence tragedy. The government wili allow schools to bid for the funding neces sary to set up closed circuit television systems, while police will have the right to enter schools without the head's permission to search for offensive weapons.

The Labour party, as well as the governing Conservatives, bave pledged to introduce stronger disciplinary sanctions including better funded "pupil referral units" (usually known as "sin bins") for those who have been excluded, and powers to exclude children for lon-

UK NEWS DIGEST

Minister accused on IRA convictions

Mr Michael Howard, the home secretary, was yesterday accused of being "directly and personally responsible" for failing to take adequate steps to prevent the fiasco in which convictions of Irish Republican Army terrorists involved in at least 12 bombing campaigns on the UK mainland have been thrown into doubt. Forensic evidence was found to be contam-

Mr Howard revealed in the House of Commons that their convictions could be in doubt after scientists at the govern ment's forensic laboratory discovered traces of a key ingredient of the Semtex explosive used by the IRA in a machine used

to analyse samples from bomb scenes and suspects.

The opposition Labour party suggested that the home secretary's failure to establish a body to monitor forensic laboratories, despite considerable pressure from leading judges, had resulted in inadequate scrutiny. The Royal Commission on Criminal Justice in 1993 called on the government to introduce a council to report to the Home secretary on the achievements, efficiency and standards of forensic laboratories. A year later, Lord Taylor, the Lord Chief Justice, said that such a council was "urgently needed". James Harding, Westminster

Unemployment figure drops

Month on month change (thousands) seasonally adjusted



out work and claiming social security benefits fell modestly in the UK last month. After adjusting for normal seasonal effects, unemployment fell by 3,200 last month to a five-year low of 2,183,500. But the Office for National Statistics said that a number of special factors had limited the size of the decline. The statistics office estimates that unem-ployment is still falling at a trend rate of about 10,000 a

The number of people with

 \mathbb{D}^{a}

month as it has done for the past six months or so. Unemployment fell by 5,500 among men and rose by 2,300 among women, leaving 7.8 per cent of the labour force unemployed in

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April - unchanged on the previous month. The number of people unemployed for six months or more rose for the second successive quarter in the three months to April, but statisticians said seasonal factors were masking a continued downward trend. Some 56.3 per cent of the unemployed had been without work for six months or more in April, the lowest share for four years. The number of people unem-ployed for a year or more was 9,700 lower in the three months to April than in the three months to January, taking the total figure to 806,300 or 36.3 per cent of the overall unemployment count. Robert Chote, Economics Editor

Average earnings pull ahead

Increases in average earnings are pulling further ahead of rises in taxes and prices, holding out the prospect of improve-ments in the fabled "feel-good factor". The Office for National Statistics said yesterday that average earnings rose by an underlying 3% per cent in the year to March. It also revised up the figure for the previous month by a quarter-point to the same figure. The average family needed an increase in pre-tax income of around 3 per cent over the past year to protect their living standards against tax and price rises.

The unexpected increase in earnings growth surprised some City of London economists, but the Treasury brushed it aside as a small increase from a historically low level. Earnings growth troughed at 3% per cent throughout the second half of last year.

Robert Chote, Economics Editor

Confidence in derivatives 'falls' Fund managers reported a sharp fall over the past year in the

confidence of their trustees and directors in derivatives. The ment, a trade publication, in collaboration with Coopers & Lybrand, the accountants, which polled 50 companies which manage a total of \$740bn.

Only 24 per cent of respondents reported that directors and trustees took a positive attitude towards derivatives compared with 50 per cent when the survey was last conducted in 1994. The survey also found that a large majority of those polled - 91 per cent compared with 73 per cent in 1994 - had reviewed controls in the last 12 months Richard Lapper, London

Mail monopoly challenged

The Direct Marketing Association is calling on the government to suspend the Post Office's monopoly on letter delivery if postal workers go ahead with a strike. The call comes amid renewed pressure from senior members of the governing Conservative party for the privatisation of the Post Office, and indications that it might be included in the party's election manifesto

The CWU postal workers' union is currently balloting on strike action over pay and conditions – a result is expected on June 2. If the action goes ahead, it would be the first national postal strike since 1988.

The DMA represents companies which carry out direct marketing, a large proportion of which is hy post. In 1995, about 154m orders for goods and services were placed in response to direct mail or mail order catalogues. The Post Office has monopoly on the delivery of letters costing less than £1 to post.

Diane Summers, Marketing Correspondent

Insolvency business restructures

Ernst & Young, the UK accountancy firm, is to centralise its insolvency practice. About 375 staff and 30 partners will now be organised nationally instead of within local practices. "The changes to our structure are designed to enable us to serve the banks better," said Mr Alan Bloom, bead of insolvency and recovery services. Last year revenues from insolvency were around £30m (\$45.6m) at E&Y compared with £45m at the height of the recession. E&Y have picked up a string of key appointments in insolvency in recent years - including Bar ings, Canary Wharf, and British and Commonwealth.

Kelly, Accountancy Correspondent

ICL consortium wins \$1.5bn Post Office contract

By Michael Cassell and

The government yesterday stepped up its war on benefit fraud with the award of a contract worth more than £1hn (\$1.52bn) to a consortium led hy ICL for linking Britain's 20,000 Post Offices by com-

Mr Peter Lilley, the social security secretary, said tha introduction of benefit "swipe cards" to replace order books and girocheques, would belp "beat the fraodster".

He claimed the system would transform benefit payments and save £150m a year in fraudulent claims.

The computer network, due to be complete in two to three years, will be the largest of its type in Europe, annually handling 1bn payments collec-tively worth about £60hn. The contract is being hailed

by the UK Treasury as a critical advance for the private finance initiative, the government's flagship policy for boosting the role of the private sector in public invest-

The project will be phased in natioowide, with all types of social security benefits being transferred to the new computerised system.

It is one of the largest projects yet agreed under tha PFI, although severe delays in the contract negotiations have been a source of controversy.

The project, announced on the day that the House of Commons social security commitagainst benefit fraud, was well received when unveiled by Mr Lilley at the National Federation of Sub-Postmasters annual conference in Eastbourne.

Discussing concerns over the fate of many small post offices, beightened in recent weeks by speculation that the government may revive plans for Post Office privatisation, Mr Lilley said the computer network would help maintain a viable nationwide chain of outlets offering a wide range of cus-

Mr Richard Dykes, managing

ICL's senior management. including Mr Keith Todd who took over as chief executive at the start of this year, needed to win the \$1.5hn-a-year Benefits Agency and Post Office Counters contract, Paul Taylor writes. The Pathway contract, believed to be the largest of its type in Europe, will help underpin ICL'a profitability in the period before an eventual stock market flotation. It also represents an important endorsement of ICL'a strategy of focusing on the systems

integration and computer services business. Mr Todd in particular has emphasised that ICL's future depends on winning business as an independent computer services group in competition with companies such as EDS and IBM, rather than as a supplier of its own computer

ICL and the Pathway partners won the contract against competition from Andersen Consulting and other hidders including IBM.

director of Royal Mail, said the computer system would be the "single most important boost to the Post Office network in

living memory".
Pathway, the winning consortium, includes ICL, the UKbased company owned by Fujitsu of Japan, Girobank, de La Rne, the security printing company, and An Post, the Irish Post Office.

The contract will run for provision of £200m of computer equipment and operating costs of about £1bn over the eight years of the contract. The winners, who beat Andersen Consulting and IBM in the race for the contract, installed national lottery terminals in the UK and a computer network for

Mr Lilley said that, under the PFI deal, Pathway would be committed to taking "a sig-nificant share of the risk" of payment frand if the new benefit payment system was



President Jacques Chirac of France addressing members of both Houses of Parliament at Westminster yesterday

interest." Monetary union, Mr Chirac said, was "a very ambitious project, full of uncertainties but full of promise." It would produce more jobs, greater cohesion and give Europe a stronger global role. The new euro currency would match the dollar on world mar-

"France will meet the demands [convergence criteria] and is determined to meet the deadline," Mr Chirac said. Mr to the UK to play a full part in determining the shape of the European Union at the current inter-governmental conference and beyond. Both countries shared a "common destiny" at

the heart of Europe.
In the press conference, Mr
Chirac said that "you cannot have the future of Europe built without a strong British presence and with Britain being heard".

A government minister described Mr Chirac's speech as "strong on anglophilia but A decision by a future British government to join a single European currency would lead to "the biggest transfer of power since the English civil year's Conservative party lead-ership election, said last night. sity sponsored by the Financial economic benefits of monetary union were outweighed by the

the European Union. Sir Leon Brittan, EU trade commissioner responded hy saying that the only threat to European integration was Britain's "lack of selfconfidence". He said Eurosceptics were seeking to mask a desire for complete withdrawal from the EU with demands for abolition of the common agricultural policy and common fisheries policy. "There is not the slightest chance of our partners agreeing to that kind

war," Mr John Redwood, the unsuccessful challenger in last In a debate at Warwick Univer-Times, Mr Redwood said the tions towards poorer regions of

with a little dash of menace." EU meeting suggests beef ban will be eased

Financial Times Reporters

The Europeao Union expected to ease the worldwide ban on British beef products on Monday after European veterinarians yesterday made progress on agreeing the conditions the UK government had to meet before the embargo

The EU's standing veterinary committee suspended until Monday talks on plans to lift the EU-imposed ban on British gelatine, tallow and semen. After an all-day session, only a few countries, including Germany and Austria, remained clearly opposed to easing the

Asda, the UK's fourth largest retailer, banned all beef from other countries from its stores yesterday in a high-profile move to support the British industry. It came as J.Sainsbury joined other supermarkets in saying It would boycott abattoirs involved in the government's culling scheme. Deborah Hargreaves writes. Mr Archie Norman, the Asda chlef executive.

said: "British beef is the best and safest in the

However, the failure of the intense pressure from some EU vets to reach agreement Conservative MPs to take some form of retaliatory action, and vesterday is a disappointment to the government, which options will he discussed at thought it had secured enough support to secure an immeditoday's cabinet meeting. ate lifting of the export ban on tallow, gelatine and semen. Mr John Major, the UK prime minister, will now face

want." The company accused other retailers of trying to score "cheap PR points" by boycotting suppliers involved in the confidence boosting measure of killing cattle aged over 30 months. Somerfield, Safeway and Tesco have said they will not use abattoirs involved in the cull. day's crucial EU agriculture council. There is understood to

world and our shoppers want to huy it." He told

the industry to "stop squabbling and whingeing

and get on with giving customers what they

But Mr Douglas Hogg, the agriculture minister, is expeccountries. ted to argue that ministers should avoid raising the politi-

be growing support in the British government, however, for a move to ignore the EU ban on selling British beef to third Mr Franz Fischler, the Euro-

pean commissioner for agricul-ture, said he was "optimistic

since "substantlal progress" had been made yesterday. "The meeting was snspended because further discussions Mr Keith Meldrum, the Brit-

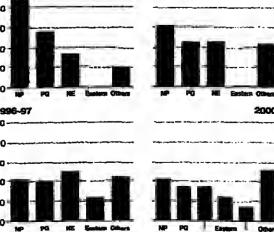
ish government's chief veterinary officer, said he was "very ontimistic about Monday. We had a good meeting." Mr Jacques Chirac, French

president, speaking about the beef issue in London yesterday, said: "I think the British government has done everything to convince the commission and the EU of the need to have a plan which in the long term and without risk restores faith

cal temperature hefore Mon-Minister's decisions on bids baffle power industry

Market shares (%)

Power generation



By Simon Holberton in London

Mr lan Lang, trade and industry secretary, is not popular with the leaders of Britain's power industry. Many people have been confused by his recent decision to block bids hy two of the industry's biggest players, and by his statement last week that he was dissatisfied with the level of competition in the industry. Mr Lang has always said he would

make decisions about changes in the industry's ownership "on their merits" and in light of consumer interests. Now be has rapidly rewritten the rules of the game in the power industry. Three weeks ago he went against the advice of the Monopolies and Mergers Commission and of his own officials when he blocked National Power's agreed bid for Southern Electricity and Powergen's hid for Midlands Electricity. National Power and PowerGen are privatised generating companies and Southern and Midlands are regional suppliers of elec-tricity. Last year Mr Lang allowed Scottish Power, an integrated power producer, to acquire Manweb, a regional supplier of electricity. Two weeks ago he reminded inves-

tors that the government held a "golden share" in both generators and would not be prepared to see their ownership change until there was more competition in electricity gener-ation. This killed off a mooted bid by Southern Company, a hig US utility, for National Power.

Last week Mr Lang reinforced his message by saying: "Unless competi-tion has become fully established . . . it can be necessary to take steps to ensure that the process of change is not snuffed out before it has developed a robust structure that will develop benefits to customers." Although his remarks were presented as an attempt to clarify policy, many in the industry feel they have not. Some critics including Mr Dieter

Heim of Oxera, a consultancy, believe competition policy has been jetti-soned. "The real reason for blocking the hids was Sonthern Company," said Mr Helm. "It is ad hoc decision-making." He points out that the aubmission by Mr Lang'a own ministry to the commission's inquiry supported the National Power/Southern and PowerGen/Midlands mergers.

Mr Ed Wallis, chief executive of PowerGen, is delaying tha sale of 2,000MW of generating plant to Eastern Electric, a regional electricity supply company, pending clarification from the authorities, "What we want is a further discussion with the is a further discussion with the Department of Trada and Industry. the Office of Fair Trading and Offer (the industry regulator)," he said. What still clearly rankles is that by

2000 PowerGen may have a market share of 17 per cent of generating capacity in England and Wales and not be able to own a regional supplier, while Eastern, which will have a 12

per cent market share, will own the biggest of the regional suppliers.
National Power now owns 34 percent of the generating capacity in England and Wales and PowerGen has 28 per cent. Combined market share has declined from 78 per cent at the time of privatisation in 1991.

More important than the absolute share of generating capacity is both companies' ability to set the price of companies analyty to set the price of electricity. Last year, according to the head of one regional electricity com-pany, they set the price of electricity 85 per cent of the time.

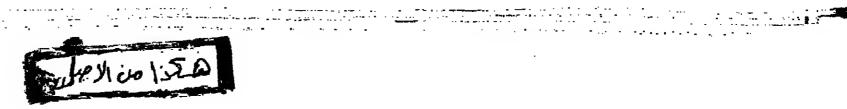
Under pressure from Offer, the industry regulator, National Power and PowerGen agreed to sell 6,000MW of generating capacity. Eastern Electricity soccessfully hid for the 6,000MW, with 4,000MW coming from National Power and 2,000MW from PowerGen. The Office of Fair Trading has said it will examine the transac-tion. "In 1995, the plant they are sell-ing Eastern set prices 15 per cent of

tha time," said the chief executive of a regional electricity supply company.

Professor David Newbury of Cambridge University, and an expert on electricity privatisation, said the industry's current problems stemmed from its imperfect privatisation five years ago. "With hindsight we should have done it differently, but the fact is we didn't." he added. "So then, the

question is what do we do starting from here." He believed that the idea of sp ting generation from supply should be tested, but that would not be possible until after 1998 when full competition came to the supply of electricity for households. That will also coincide with a period of replacement of old generating plant. "The crucial thing will be who gets to build it," says Prof. Newbury. "If it's National Power and PowerGen, then competition has not

Lex, Page 17



KIDS Larry Clark

BLUE IN THE FACE Wayne Wang

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MONEY TRAIN Joseph Ruben

ROUGH MAGIC Clare Peploe

FRANKIE STARLIGHT Michael Lindsay-Hogg

ilms which stand up and cry "Contro-versy!" instead of provoking resonant debate often get lost in the quick-response crossfire between detractors and defend-

After months of delay hy our censor, preceded by brouhabas in America, Larry Clark's tale of sex and drugs among the underaged, Kids, can finally he seen on British screens. Or can it? We are not talking about Warner's refusal to show the film in any of its UK cinemas. (Plenty of less pompous distributors are left to screen it.) We are asking whether Kids the movie really exists any more, if it ever did, as a separate entity from Kids the furore.

Clark found fame in America as a photo-chronicler of deprived and mixed up youth. In works like Tulsa and Teenage Lust he recorded their faces and figures in a hleak, prohing, for some voyeuristic style that carries over now to his first feature.

The kids in Kids are mostly so zonked that they stagger from bed to bed, party to party, drug tryst to drug tryst, while the camera pursues them in shakiest cine-verité style. We begin with a long sucking kiss, followed hy sex action, between two teenyboppers. We end with a drugged, HIV-in-fected girl (Chloe Sevigny) faute de meilleures the central character - being unresistingly "raped" hy a casual party guest. In between the film squeezes in any number of candid vigneties for prurient according to your viewpoint), same corner tohacconist in while affecting to expose the Brooklyn, flung open as before characters' dangerous flirta- to all waifs and strays by tions with love and death.

Some of these vignettes seem more gratuitous than others. Clark loves watching kids urinate, for example, though it is unclear what social or moral dysfunction this represents. Clark also spends loving min-utes on a swimming pool scene in which we and the bathers ogle a wet-kissing session between two girls.

The film's script is credited to the majestically named Harmony Korine, a real 18-year-old street kid. Yet the most nota-ble characteristic of Kids is that there seems to be no script at all. Accompanied by the kind of intrusive soundtrack that used to aignal artistic integrity in 1960s radical documentaries - traffic noise, street bahhle - the plot shut-tles haphazardly hetween street sceoes and interiors, hetween action and talk, throwing in much stream-ofsemiconsciousness dialogue that sounds to my suspicious ears largely improvised.
Whenever Clark slows the

film for a moment of sociological solemnity, things get worse. We begin to discern the dramatic hollowness of the whole enterprise. A pivotal scene in which a leading character is told she has Aids is so stiltedly shot and performed that it could come from a gov-ernment health commercial.

It suggests that Clark cannot direct actors except when they are left to direct themselves. It also suggests that his interest is less in pausing to question the Gadarene rush of modern youngsters towards self-destruction than in getting on with the next graphic image of that rush, and the next exciting view from vice-and-sensuality chifftops.

The most dangerous sentence in the English language is "We can do you two for the price of one." Why can they? What scam are they pulling and what quality or qualities are they skimping? In Wayne Wang and Paul

Auster's Blue In The Face they are skimping on wit, invention and purpose. Made back to back with the duo's viewerfriendly Smoke, that blithe comedy of clgar stores and pipe dreams, Blue is set in the owner Harvey Keitel. But the



'Kids': a Gadarene rush of youngsters towards self-destruction via sex and drugs

film was made as an afterthought to its precursor and

Rashly, the cast list has been flung open too. Wang and Auster fill their unscripted yarn feast with every passing showhiz celebrity from Roseanne to Madonna, via Jim Jarmusch, Lily Tomlin, Lou Reed and Michael J. Fox. These all pretend to have spilled in off the street with their woes, jokes and anecdotes: which is somewhat like asking us to believe that the folk on Oscar night have just tumbled by accident into the Dorothy Chandler

After Smoke the wit level plummets from ten to one and a half, with Roseanne notably ghastly as a loud wife wanting to escape to Las Vegas. ("Escape, escape," we urge.! The movie would be unthinkable without Keitel, who must thinkable without it.

sequel of sorts, and another sort of calamity. After the springheeled smartness of White Men Can't Jump, Woody Harrelson and Wesley Snipes re-team as two policemen pursuing a serial killer - yes, another one in modern cinema's unrelenting procession through the New York subway

The dialogue is largely of the "You go that way, f'll go this way" variety. Meanwhile the plot itself goes nowhere. The film won notoriety in the US for a hrief outhreak of copycat killings involving fuel squirted and ignited through ticket windows. Despite public protests Columbia refused to withdraw the film, probably rightly; though taking into account its dim hox office performance they may have wished they had never released it in the

Clare Peploe's Rough Magic Money Train is another Hadley Chase and its style at the same time.

from too many sources to count. Everyone is chasing everyone else, with murderwitnessing magician's assistant Bridget Fonda showing a fine pair of heels to a fine pair of heels (Russell Crowe, Jim Broadhent) as she flees to Mexico to find justice, to encounter love and to escape the creeping corruption of postwar Republican America. At least I assume this last theme, though tokenly raised, is why we have a glimpse of Nixon's "Checkers" speech on TV.

A talking dog, a man who turns into a sausage and a girl who vomits out her heart are just three of the items worth issuing customer warnings about. The film tries to be playful and postmodern. But as with this British director's last and marginally hetter film High Season, the final impression is of over-anxiety: of a bave wondered if his filogra-phy would not be a lot more takes its title from Shake intelligents a while keeping speare, its plot from James the popcorn-chewers on board

In a grim week Frankie Starlight competes with the grimmest. It sounds like a film Werner Herzog should have made. Hopping from longitude to longitude, he might have looped some communicable magic around the tale of a poet-midget born to a moment of joy between an American sailor and a French girl (Anne Parillaud) during the second world war. Later he is raised in mystical old Ireland, where stargazing, verse-writing and minor miracle-working are all on the exis-

tential menu.

The script tries to cull the good bits from Chet Raymo's novel The Dork From Cork. But any film that can jettison that title for its anodyne movie replacement has no sense of wit or humour. Michael Lindsay-Hogg vacantly directs while Gabriel Byrne and Matt Dillon (as a "Well, jeez" cliché American) are among the acting talents emharrasedly squandered.

Music in London/David Murray

Sunday on the South Bank with Claude

ou might think that Dehussy stands in no need of rediscovery. Are not L'Après-midi and La Mer, the orchestral Nocturnes and Images and his string quartet, as well entrenched in the repertoire as any music since tha 1890s? Somebow, though, we hear much less now of his smallerscale works, especially the rich trove of songs and piano pieces, in which much of the best of him is 10 be found.

On Sunday Roger Vignoles one of our most admired accompanists, set out to redress the balance. He had devised "a day-long Debussy experience" in the South Bank's Purcell Room. In five sessions we heard 30-odd songs from early to late (out of a total of perhaps 90), 11 piano pieces from all the main sets, the three late chamber sonatas and some extra bonbons.

The little hall was sold out, and there was general delight among those who got in. It was the third or fourth time this season that the Purcell Room has proved too small to contain the eager audience for something of great interest. We hadly need a middle-sized venue on the South Bank.

Vignoles himself introduced all the songs and chamber sonatas with apt observations and Roger Nichols did as much for the piano music. But these were not really pedagogical sessions: the music was the thing, and Vignoles had rounded up some capital musicians to perform it. The outstanding ones were French -the baritone François Le Roux, the wonderfully accomplished young soprano Veronique Gens or at least French-Canadian: the hrilliant verve of Jean-Guihen Queyras in the cello sonata marked him instantly as a performer we want to hear

again and again. Le Roux sang the late song-triptychs (after Mallarme and Villon, truly visionary stuff) with all the subtle, cultivated authority that they require. Miss Gens' liquid, unforced delivery was enchanting in the early songs, perhaps a touch too languid - more rhythmic grip would have been welcome; hut she and Vignoles gave a luminous account of the Chansons de Bilitis, so breath-stop-pingly erotic that (as Vignoles told us) Debussy was anxious to be sure that their first interpreter was under 20, and would therefore not understand them.

Peter Donoboe's solid. uncompromising pianism was a mixed hlessing in the piano music. There was a seriously interesting idea or two in almost every piece, and moments of real finesse; but his style can be heefy, and sometimes was, where Dehussy's never is. I was perhaps disproportionately irritated by his opener. "La soirée dans Grenade": Dehussy's meticulous pedal-markings for the remote, rapt introduction are surely designed to preclude just what Donohoe did, which was to hold the pedal down to the floor and make a broad, pseudo-Impressionist smear of

hilip Dukes and Emily and Catherine Beynon were mellifluous and well-hred in the sonata for viola, flute and harp. There are moments of sudden hrightness and elan in this music that they have not identified yet, In Dehussy's last work, the violin sonata, the greatly talented Stephanie Gonley wielded a smallish tone (something about her posture and the angle of her bowing-arm signals that it will be a smallish tone, even before she starts playing) - hut also such imagination, pounce and spunk that we hung upon every phrase.

One minor cavil about this whole, scrupulously planned sequence: why include Debussy's one painfully embarrassing song, the mawkish "Noel des enfants qui n'ont plus de maisons" of 1915? ft was an understandable response to Boche brutalities in Belgium, but it is the sole piece of the composer's maturity that one fervently wishes never to hear again. Never mind; the programme was crammed with rewards, many of them new to many of the andience, and we were heartily grateful for it.

Plymouth wins the RSC

he RSC has selected Plymouth as the location of its new resldency. It will perform a four week season there from October 1997.

The company caused a shock last year when it announced that it was quitting its London home at the Barbican for the six summer months from 1997. Director Adrian Noble said the RSC wanted to tour more, to bring its plays to the people in the regions and abroad. It received many approaches

from cities eager to play host. Fourteen venues were visited; a short list of three - Norwich Cardiff, and Plymouth - was studied in depth, and Plymoutb, in the drama starved sonth west, won out. A package of 12 plays will be

presented, with four Shakespeare productions at the Theatre Royal, four works from the Stratford Swan season at tha Pavilions leisure complex, and four from the Other Place at the small Drum auditorium. The RSC is seeking £150,000 in sponsorship to ensure that it can hold its traditional educational and ontreach workshops in the city.

The Theatre Royal is a successful theatre and the local council is financially supportive: hox office receipts are likely to approach the 93 per cent capacity the RSC achieved this year at its other regional residency, Newcastle.

The company will visit Plymouth after Newcastle, where it will now play its five week season in September-October. In effect the summer at the Barbican will not be replaced. There will be the usual RSC seasons at Stratford on Avon, and more touring in the autumn and winter. The actors will no longer be expected to make a two year commitment to the RSC. and their work load will he less hurdensome.

Antony Thorncroft



Derbhle Crotty: riveting

Theatre/Sarah Hemming

Dysfunctional family life

magine a play written to com-memorate the centanary of a maternity hospital and you certainly would not anticipate Portia Coughlan, Marina Carr's strange, hleak, haunting play commissioned by the National Maternity Hospital, Duhlin, and now moved from the Abbey Theatre to the Royal Court. Written from the very spot where lives begin and families are born, the play broods on death and loss and on the poisonous nature of family life at its most destructive. Carr takes the sort of dark, bloody

knot that is the basis of many a Greek tragedy and transplants it to rural Ireland. Portia Coughlan is one half of twins - the remaining half, since her brother, Gabriel, drowned when they were both 15. But now, aged 30. Portia small, ingrown community and a famis far from over his death. She seems ily so dysfunctional that everyone is obsessed, possessed even, by the spirit of ber dead twin. egged on by memo-ries of him to despise her rich. crip-pled husband, fine home and three sons. She haunts the edge of tha river where he lost his life, conducts self-destructive affairs and turns the same fierce loathing on everyone in her life - including herself.

It is clear from the outset that Portia, half in love with death, is drifting fast towards disaster. Gradually, it becomes clear that her fate has long been mapped out, that she is living out the legacy of a terrible family secret. Meanwhile, all those around her seem unable to prevent her self-destruction. Carr portrays a

ily so dysfunctional that everyone is rancid with grief or hitterness and any encounter turns into a doglight.

It is a profoundly atmospheric play

and sucks you into Portia's pitiful half-living state of mind. But it remains very much on one note and some of the characters are under-written. While at times the play reminds you of Lorca, it also sometimes veers perilously close to Cold Comfort Farm. As yet another character appears who is either on the make. on the bottle or on the game, you begin to long for some sane figure to walk on stage and give everyone a good slap - most of all Portia.

Garry Hynes' moody, sepulchral production, staged against a surreal,

glittering background to represent the water that lures Portia on, does not always help. But Marina Carr can certainly write. She also comes up with several marvellous characters, all excellently played here: Portia's squeezed-empty hushand (Sean Rocks); her grief-raddled, weak father (Tom Hickey); and her tart-with-aheart aunt (Stella McCusker) - and she creates some deliciously hlack scenes and wicked one-liners. Derbhle Crotty, meanwhile, is riveting as Portia: ashen-faced and tousle-headed, she blazes with energy and despair yet, with her pliant body language, somehow looks like a rag doll that has been carelessly burled away.

It is a bold, unsettling play, cleverly structured and driven by fierce rage. Somewhere along the line it loses you, hut there is no doubt that Marina Carr is a playwright to watch.

Continues at the Royal Court, London SW1 (0171-730-1745),

INTERNATIONAL

■ AMSTERDAM

CONCERT Concertgebouw Tal: 31-20-5730573 Nederlands Kamerorkest: with conductor Philippe Entremont and pianist Andrel Gavrilov perform works by Mozart and Schoenberg; 8.15pm; May 18, 19 (2.15pm)

■ BARCELONA EXHIBITION Pundació Joan Miró Tel: 34-3-3291909 Alain Fleischer. Photographs: this

exhibition of photographs by Alain Fleischer forms part of the Primavera Fotografica. After studying literature at the Sorbonne, Fleischer becama fascinated by the world of films, where ha was to work professionally and more or less uninterruptedly since making his first featura film in 1968. His photographic work demonstrates the artist's desire to avoid limiting himself to a single artistic discipline. Coinciding with the exhibition a cycle of Alain Fleischer films

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is being ahown; to Jun 16

BERLIN

CONCERT Philiparmonie & Kammermusiksaal Tel: 49-30-2614383 Berliner Symphoniker: with conductor Alun Francis and pop group Gang of Wrath perform works by Mozart and Middeler/Francis/ Willing; 8pm; May 18

Deutsche Oper Berlin Tel: 49-30-3438401 Martha oder Der Markt zu Richmond: by Von Flotow. Conducted by Hans Hilsdorf and performed by the Deutsche Oper Berlin. Soloists Include Amanda Halgrimson and Friedrich Molsberger, 7.30pm; May 19

BOSTON EXHIBITION

Museum of Fine Arts Tel: 1-617-267-9300 Lithography's First Half Century: The Age of Goya and Delacroix: in celebration of the 200th anniversry of the invention of lithography by Bavarian actor and playwright Aloys Senefelder, the exhibition examines lithographs by artists such as Delacroix and Goya. Works by lesses known artists and prominent artists not usually associated with the medium are also displayed; to Jul 7

■ CAPE TOWN

DANCE Opera House Tel: 27-21-215470 Raymonda: a choreography by Norman Furber to music by Glazunov, performed by the Capab Ballet and Tha Cape Philharmonic Orchestra. Soloists include Lee, Joubert and Hodges; 8pm; May 17

■ COPENHAGEN DANCE Det Kongelige Teater Tel: 45-33 14 10 02 Maurica Béjart Ballet Lausanne: perform Maurica Béjart's choreographies L'Art du Pas de

■ HELSINKI DANCE Opera House Tel: 358-0-403021 Helsinki Ballet: perform tha choreographies Etudes by Lander to music by Riisager, Forgotten Land

by Kylian to music by Britten and The Second Detail by Forsythe to

music by Willems: 7pm: May 18

Deux and Firebird; 8pm; May 17, 18

■ LAUSANNE

EXHIBITION Fondation de l'Hermitage Tel: 41-21-3205001 Cartier, Splendour of Jewellery: exhibition of a selection of items from the Cartier Collection. The display retraces the evolution in tha Cartier style from its beginnings in 1847 through to today; to Jun 16

■ LEWES **FESTIVAL**

Glyndebourne Opera Festival Tal: 44-1273-812321 Glyndebourne Festival Opera: this year's edition of this prestigious annual opera festival, initiated by John Christie and his wife, soprano Audrey Mildmay, features 74

performances of six operas: Handel's Theodora, Barg's Lulu, Tchaikovsky's Eugena Onegin, Rossini's Ermione, R. Strauss Arabella and Mozart's Coal fan tutte. The London Philharmonic continues as the festival'a resident orchestra. playing for all performances excent Theodora, for which the Orchestra of the Aga of Enlightenment returns; from May 17 to Aug 25

LONDON CONCERT

Barbican Hall Tel: 44-171-6388891 The Royal Philharmonic Orchestra: with conductor Marek Janowski and pianist Peter Jablonski perform works by Sibelius, Grieg and R. Schumann; 7.30pm; May 18 Queen Elizabeth Hall Tel: 44-171-9604242

 The Nash Ensemble: with conductor Daniel Harding, soprano Catherine Dubosc, pianists Yvonna Loriod and Ian Brown, violinist James Clark, clarinettist Michael Collins and cellist Christopher van Kampen perform works by Debussy. Ravel and Messiaen; 7.45pm; May

EXHIBITION National Gallery

Tal: 44-171-7472885 Velázquez and Bacon: Paintings of Popes: the loan of Velázquez "Portrait of Pope Innocent X" from the Doria Pamphili Gallery provides tha opportunity for a unique confrontation. Over a period of more than 20 years Francis Bacon painted a series of images derived from Velázquez's masterpiece. Four of these pictures are in British collections and now for the first time these are shown with the Velázquez portrait that inspired them; to May

■ MADRID **EXHIBITION**

Fundación la Caixa Tel: 34-1-4354833

 El grupo CoBrA en la colección del Stedelijk Museum da Amsterdam: exhibition of some 80 paintings and sculptures by members of the Cobra artist group. Tha works come from the collection of the Stedellik Museum in Amsterdam; to Jun 30

■ NEW YORK

AUCTION Sothebys Tel: 1-212-606-7000 European Furniture from the Estate of Lita Annenberg Hazen: Mrs Hazen maintained elegant homes at tha Pierre Hotel In New York and in Los Angeles. In these residences the French and Italian Neoclassical furniture was often upholstered to coordinate with the paintings in her collection; 10.15am & 2pm; May 17 CONCERT

Alice Tully Hall Tel: 1-212-875-5050 Jeanny Lee: the pianist performs works by Tchaikovsky, Paganini, Gounod and Liszt; 8pm; May 17

PARIS

EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 33 Picabia 1922: this exhibition is a reconstruction of the exhibition organized by Francis Picabia, one of the pioneers of Dada, In the Galerie Daimau in Barcelona in 1922. Tha

Offenbach: exhibition examining

Musée d'Orsay Tel: 33-1 40 49 48

including gouaches and water-

colours; to Jul 1

the success of composer Jacques Offenbach (1819-1880) at the end of the 19th century. Tha exhibition comprises 250 objects from public and private collections, including paintings, sculptures, costume models, posters, photographs, ceramics and pieces of scenery, introducing Offenbach, his collaborators and interpreters; to

■ ROME

CONCERT Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064 Orchestra dell'Accademia di Santa Cecilia: with conductor Daniele Gatti and soprano Amanda Roocroft perform works by J.S. Bach, Beethoven and Mahler, 7pm; May 18, 19 (5.30pm), 20 (9pm), 21 (7.300m)

■ STOCKHOLM

OPERA Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 Madama Butterfly: by Puccini. Conducted by Niklas Willen and performed by the Royal Swedish Opera. Soloists include Sara Olsson, Inger Blom, Carina Morling and Esalas Tewolde-Berhan; 7.30pm; May 18

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European Money Wheel Financial Times Business Tonight



Peter Martin

In, out, shake it all about

As businesses contract out more of their non-core activities they are being forced to confront the question of what exactly they exist to do

On the face of it, J.P. Morgan's \$2bn, seven-year deal to transfer half its computer staff to ontside suppliers is a clear ase of outsourcing

No it isn't, says Peter Miller, co-head of global technology at Morgan. In fact, he says: "This isn't 'out-anything'."

His rejection of the label doesn't just stem from the way it has become unpopular shorthand in the US for wage and staff cuts. It also reflects the debate that surrounds the issue in big companies as they re-examine what they do and why they exist.

Outsourcing is usually understood to mean that a company is getting out of some part of its business, says Mr Miller, "and we're not getting out of the technology husiness - it's so important that wa're asking how can we do it better than anyone else". Whatever it calls it, Morgan is handing over responsibility for about a third of its \$1bn of annual technology spending, and 900 staff, to a grouping of computer service and telecoms companies. Over the life of the contract, it expects to save 15 per cent of the money it would

have spent on this technology. More important, says Mr Miller, the bank will benefit from its auppliers' depth of expertise, freeing its own people to focus on the areas most important to creating competitive advantage Others have reached the

sama conclusion. The Ontsourcing Institute, a trade body in New York which is less coy than Morgan about terminology, says that US ontsourcing spending will reach \$100bn this year. Some \$40bn of that is in the information tachnology area. Another \$30bn is in distribution, property and plant management, and other "bluecollar" areas. The remaining \$30bn comes under administration, personnel, customer

other "white-collar" activities. In the UK the government resterday handed responsibillty for computerising welfare benefits to a private-sector

service, finance, sales and

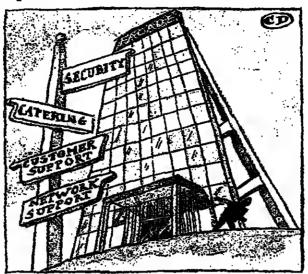
consortium. And in the private aector a fortbcoming study by PA Consulting* suggests that outsourcing is no longer confined to areas such as catering, security or computers. A survey of several hundred British companies shows them already outsourcing a quarter of their budgets for what they define as their key business process

As it becomes easier to outsource huge areas of what were once seen as a company's essential activities, managers have to decide what exactly their businesses exist to do. Frank Casale, executive director of the Outsourcing Institute, sees this process as the reinvention of a centuryold business model.

A hundred years ago American industry led the way in shifting from an "atomistic" model of business, in which there were many collaborating layers of production and distribution, to one dominated by huge vertically integrated

The new giants came into existence to solve the coordination problem: they were the most effective way of ensuring reliable production and distribution of goods to the new national markets. They were also cheaper: they squeezed out the costs of tha many individual component producers, suh-assemblers. wholesalers, brokers and intermediaries previously needed. By operating nationwide, they gained huge econo-mies of scale. Outsourcing represents per-

haps the first real change to this model. In principle, it allows the creation of the "hollow corporation", one in which a small core of strate gists supervises services bought in from external designers, contract manufacturers, third-party sales and distribution networks, and suppliers of accounting and administrative services. More realistically, it allows a giant company to offload much of the burden of its size by outsourcing less important activities but retaining tight control



is adding. And it is made feasi-

ble by a number of practical

developments; telecommunica-

tions and computers, obvi-

ously, but also legal and con-

tractual frameworks such as

agreements on what level of services will be provided. Most

important, perhaps, is a sup-ply-aide phenomenon: tha

growth of an industry of out-

sourcing companies. In the oil

industry, where there have

long been independent explo-

ration and drilling contrac-

tors, outsourcing is a natural

part of doing business. Now the same trend has come to

But how does the new busi-

ness model solve the problem

the old one came into exis-tence to tackle, co-ordination?

Answer; with difficulty. The

PA Consulting study shows

that, while most companies

are satisfied with their out-

sourcing agreements, they are

unhappy about how their sup-

pliers work together. In the

J.P. Morgan case, the four sup-

pliers are committed to a for-

mal alliance, with a central management team and a lead

A broader solution to the co-

ordination problem is to think

in terms of outsourcing pro-

cesses rather than functions.
John Little of PA Consulting

other industries.

contractor.

of those activities vital to Its

Is this new model a response to genuine changes in the real world - or is it merely a fad, a rhetorical cloak for the breaking of implicit contracts with staff? Too often, it is true, the outsourcing is motivated by a desire to escape the costs of existing staff, as in the case of the US airline which replaced check-in clerks earning \$19 an hour with contracted-in workers earning \$9 an hour. Or it is a response to past management failure: a quick way of fixing a problem that should have been addressed before.

But the impetus behind outsourcing goes beyond sncb short-term considerations. Arguably, it is in part a correction of a past preference for gigantism that is hard to justify on economic grounds. As business gets more complicated, the need to shed responsibility for peripheral activi-ties gets stronger. "You can no longer afford to passively own and operate a mailroom, a buman resources department, a benefits management team or desktop computing support," says Mr Casale.

This belief goes along with an increased emphasis on financial measures that reveal how much value the company

says: "Instead of saying, let's outsource our fleet of delivery vehicles, companies say: what we should be outsourcing is our delivery process, including all the functions that go with that, such as information technology, vehicles, etc." The solution to these practi-

cal problems, the consultants say, is to think big when planning outsourcing. Devote top-level management resources to the issue, make outsourcing decisions for strategic rather than tactical reasons, go for a few important relationships you can influence rather than lots of short-term ones you end up walking away from. The grander the approach to outsourcing, however, the more pressing the fundamental question: what is the company's real role? What is it, in other words, that it would not consider contracting ont?

The PA Consulting study shows only three activities that more than 35 per cent of the companies in the survey regarded as "core": busines strategy; information technology strategy; and new product development. Everything else including research and

development, customer handling and finance and accounting - was regarded as noncore by two-thirds of the peo-ple surveyed. Even that measure may underestimate the extent to which some institu tions are prepared to consider outsourcing. One UK commercial bank quoted in the PA study says: "We distinguish between what is core and what is strategic. An outsourced activity may be core hnt not strategic.

Whatever definitions you use, and whatever name you give to it, the process of outsourcing is forcing managers to confront an issue they have not had to think about for a century: What is their company's real role? It may throw up ome uncomfortable answers

1996 International Strategic Sourcing Study, PA Consulting Group, London. Tel: +44 171 730 9000 BOOK REVIEW - William Dawkins

THE WEIGHT OF THE YEN: By R. Taggart Murphy Norton, \$25, 352pp

Dangerous paradox of Japanese power

a half, Japan's administrators The intimate managed to side-step a contra-diction at the heart of their financial and economic links between the US and Japan are a source of instability that could wreck their alliance unless they are tended more carefully.

That warning might sound extreme, but it is a conclusion of this cogent examination of the economic contradictions in the US-Japan relationship by R. Taggart Murphy, a former Tokyo investment banker.

He claims the price of financial interdependence has been heavy for both sides: on the US side, a high budget deficit and weakened industrial hase; in Japan, a weakened financial system and the continued subordination of individuals to the

The seeds of this situation were sown soon after the elec-tion in 1980 of Ronald Reagan as US president. Since he failed to make inroads into public spending, ha was forced to resort to higher government borrowing to keep his promise not to raise taxes.

Japanese investors were encouraged hy their govern-ment to buy US treasury bonds as were Tokyo's financial institutions, which were advised it would be in the ustional interest. The finance ministry was happy to ensure that the money was lent, to support the US economy's appetite for Japanese exports. At first, it was a cosy

arrangement, beneficial to both sides. Japanese companies earned dollars by selling to the US. Their banks and insurance companies lent those export earnings hack to the Americans. The dollar rose, ensuring an exchange rate profit for Japanese investors. But this interdependence cre-

ated a paradox. It could work only as long as Japanese com-panies continued selling to a fast-growing US economy. Yet their very success was eroding corporate America's strength. By propping up American

buying power for a decade and

a foreign country whose strength was being undermined by Japan's success," says Murphy. The 1985 Plaza Accord was an attempt to redress the balance by bringing down the dol-lar and so helping US companies' export competitiveness.

methods: that they depended upon the security and mone-

tary arrangements provided by

But it succeeded all too well, by creating the conditions that hlunted the Japanese willing. ness to lend to the US. The post-Plaza rise of the

yen and the Bank of Japan's decision to pump cash into the economy helped fuel the explosion in Japanese asset prices that was the bubble economy of the 1980s. And when that burst, Japan's willingness to prop up the US economy with ered. Investors had to sell dollar assets to cover domestic losses and the flood of money back to Japan gave a further boost to the yen that worsened

This forced companies to sell dollars even faster until tha US currency sank to its record low of Y79.75 in April last year, threatening to push Japan into a full-scale depression. Alarmed at the prospect of a Japanese economic melt-down, the US and Japanese central hanks intervened to bring the dollar back to its present level of about Y105. At this level, Japanese exporters can again make profits and the domestic economy has recovered enough to suck in imports.

But Japanese institutions are still in too much financial trouble to heed finance ministry exhortations to buy US government bonds. In fact the latest balance of payments figures show they have been selling US securities since last September and continue to do so. "The dirty little secret of the

mid-90s [US] recovery is that it depends more than ever on Japanese components and Jap-anese money," Murphy claims.

his belief that US policymakers stood hy while "strategic stood by white strategic industry was lost to foreigners", is perhaps a hit hard on the US. Its software and semiconductor industries have shown remarkable ability to establish global leadership and US car companies have taken giant strides to improve

their competitivenes But the book is a stimulating and valuable reminder of the instabilities of an economic relationship on which much of the rest of the world turns. It also offers several prescrip-tions for reducing the risks of US-Japan financial turbulence. For example, Murphy urges

the US to remember that economic negotiations with Japan have to he handled with axtranrdinary delicacy. The Tokyo government has historically had no central direction, so pressure needs to be applied judiciously and on many differ. ent fronts.

The fragmentation of Japanese politics in recent years has made it more difficult to spot who is really in charge and Japanese politicians find it even harder than their US counterparts to keep promises. Accordingly, Washington needs to be more patient and serious in its Japan policy. Murphy suggests - and to improve the quality of the advice it gets.

Japan, for its part, needs to build np a political system with a clearly accountable centre of power. Murphy hopes that more responsive and intelligent policymaking will help it resolve contradictions such as its need for access to export markets while maintaining a "cartelised mercantilist economic regime at home".

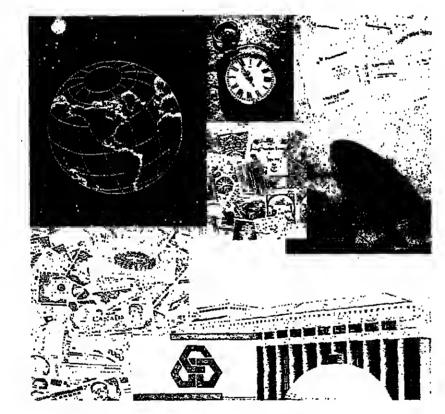
Sadly, policymakers on both sides of the Pacific show little sign of moving in the direction suggested by Murphy. Perhaps they should read his book.

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Mr.

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·LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Translatinn may be available for letters written in the main international languages.

UK gas regulator's proposals lack consistency

From Mr Philip G. Rogerson. Sir, Commenting on Ofgas's initial proposals for the 1997 British Gas Transco review. Lex (British Gas", May 14) said that "the regulator's plans look

intellectually robust". Consistency is a quality of any intellectually robust argument. Ofgas has in fact just rejected almost every major recommendation made in August 1993 by the Monopolies and Mergers Commission regarding the valuation of Transco and legally approved by itself in

September 1994: full current cost accounting depreciation, a uniform discount on all assets, a regulatory asset base in line with the net asset value for accounting purposes, but a reduced cost of capital to reflect the market asset ratio of the market value of the company to the replacement value of the whole of the company's assets.

The only significant MMC recommendation Ofgas has accepted is the end-1991 date when the market asset ratio of 60 per cent was established.

From Mr John Stevens MEP.

Ofgas, however, has undermined this ratio by suggesting that at the end of 1991 the ratio should value non-regulated activities at net book value while regulated business should bear the whole of the difference between market and book value.

investors have to exist in the context of earlier MMC and regulatory decisions which apply to it and not to other

In the case of Transco, this is the 1993 MMC report and the

A regulated company and its

Ofgas formula review of 1994 which led to the Transco formula applying from October 1994 to March 1997.

The British Gas Transco's pricing methodology, which followed from the MMC report. was legally approved by Ofgas only 18 months ago.

Philip G. Rogerson, deputy chan man, British Gas. The Adelphi. 1-11 John Adam Street, London WC2N 6HT, UK

Good houses for the RSC

From Mr Adrian Noble. Sir, David Murray, in his article "Mixed signals from the RSC" (April 29), writes, "the fact is that the RSC has sometimes found itself playing Shakespeare to a one-third-full Barbican Theatre, which is not good husiness by anybody's

His facts are wrong. Our Shakespeare productions at the Barbican for the season 1995-96 played to 77 per cent capacity. Our Shakespeare productions for 1994-95, 78 per cent of capacity. Since they opened. our current productions, Romeo and Juliet and Taming of the Shrew, are playing to an average of 88 per cent of

David Murray's misinformation outs an unfair slant on the article. There is a very important debate to be had about the

national identity of the UK's national classical theatre company, about how much time it should spend in London and what responsibilities it has to the nation as a whole. The context of our decision to re-shape our *modus operandi*, however, was absolutely nothing to do with a fall in demand for our Shakespeare work in London, as I hope you will see the figures show.

Adrian Noble, artistic director, Royal Shakespeare Company, Barhican Theatre, Barbican Centre, London EC2Y 8BQ, UK

City's mental limbo on single currency

This is, perhaps, an

never happen.

Sir. Your leader "The City sans Emu" (May 9) appears astonishingly superficial in the light of the documents just distributed by the Bank of England which highlight the Square Mile's lack of preparation for the advent of the single currency, whether we are in or not. The bond markets may well be

convinced the single currency

UK interests than either a clear preference to stay out or It is precisely this sort of

political debate, but it could

certainly prove more fatal to

is coming. The leadership of mental limbo, in which even 🐠 too many City institutions still informed opinion has landed itself on this issue, that we seem to believe it will probably could fail to prevent, say, settlement and clearance understandable reaction to the arrangements, seriously prejudicial to our interests increasingly bizarre domestic

the Germans.

39 St James's Place, London SW1A 1NS, UK

Sad that bondholders' action necessary

From Mr Jonathan Stone. Sir, So executives at ING Barings ("Bondholders issue writs", May 11) think our claim is eroding sympathy for the bondholders.

It would be interesting to know what survey they have undertaken to support this view, and whether they themselves formerly had any sympathy for the bondholders. Certainly they have never

written to us expressing their sympathy, let alone offered bondholders any recompense out of their substantial and unearned honuses. After a year of such silent

and useless sympathy, and deafening silence from the distinguished houses responsible for the $\Sigma 100m$ issue, we have decided that sympathy now needs the helping hand of the law.

It is a sad reflection on the way business is done and supervised in the City these days that it has come to

being made by the French and

Jonathan Stone, chairman, Baring Bondholders Action c/o S.J. Berwin & Co, 222 Gray's Inn Road, Loudon WCIX 8HB, UK

BSE: impossible to separate infected material

From Mr Fergus Poncia Sir. I refer to Douglas Hogg's letter (May 8) on the government's stance on BSE. f can understand that banning mammalian protein from ruminant feed would eliminate the possibility of an infective agent being transmitted from one to the other, but surely the most likely source of infective material is derived from the cattle themselves - in other words, all ruminant-derived

protein should he banned from ruminant feed. The incidence of the

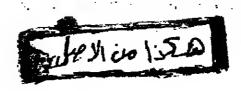
cross-contamination at the rending plants between mammalian and ruminant protein does not give me any confidence that the renderers have been, or are able, to separate infected from non-infected material. How else could an infective agent have continued to be spread after the so-called ban upon

infected spinal and brain material was implemented

several years ago?
If the renderers have oot been at fault, one most likely possibility of continued infection is via the maternal line, in which case all offspring of infected cattle should be destroyed, not just old ones.

Fergus Poncia.

208 Tonbridge Ro Wateringbury, Kent, UK



COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge. London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday May 16 1996

Time to apply some force

The Anglo-French defence relationship bluws hot and cold with alarming frequency. Eighteen months ago the two countries agreed 10 co-ordinate their air forces at a very convivial summit at Chartres: nuie months later tbere were harsh words when Britain chose to spend £25hn on US rather than French anti-tank helicopters. Now it is all smiles again, with the two countries stression their parallel defence goals. A symbolic lead is being given by Brinsh Aerospace and Maira, which have agreed to merge their missile businesses after three years of negotiation. The arguments in favour of closer Anglo-French defence ries are strong. Both are medium-sized nuclear weapons states which by dint of history hold permanent seats on the UN Security Council.

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acting outside Europe. Each has difficulty stretching its defence budget around its ambitions. in defence procurement, the reasons for greater integration are equally clear. Common procurement, particularly if Germany is included, would reduce the duplication of development spending and give longer production runs, cutting the unit cost of weapons. Cheaper common equipment would also make the European defence industry more competitive in the export market, where the

Both have armed forces capable of

new US industrial giants are beginning to gain a decisive edge. Despite the pressures, the two countries are barely crawling towards closer defence procurement. Britain's emphasis on fre competition is fundamentally at odds with France's centrally planned approach. The UK, jealously guarding its close relation. ship with the US, likes to play the field, buying from Europe when it suits and the US when it does not. France loudly advocates a "buy European" policy to its partners, which all too often translates into a "buy French" reality. Even the BAe-Matra deal could yet be scuppered if the French government

objects to UK procurement policy. Neither country has yet really been prepared to make the hard compromises which would produce a more rational defence industrial base. The problem is made even more difficult because Germany, the other large European arms-maker, must also be included if the consolidation is to he meaningful. With the US technical and industrial lead increasing, time is pressing.

Tantalisingly. compromise seems within reach. Britain could usefully think a little harder about the impact of completely free competition on its industrial base; France could benefit from the efficiencles which market disciplines bring. The nascent Franco-German arms procurement agency, which Britain seems set to join, is a forum in which these issues can be resolved. Yet more constancy is needed, and movement by both sides will have to accelerate from the current snail's pace if the European arms industry is not to become a museum

Top dollar

The merry-go-round of banking and broking jobs is spinning ever faster - and more lucratively. In recent weeks leading international canks bave seen top corporate financlers and analysts stream through their doors in both directions. Why is this happening now, and are these people really worth

the millions of dollars invested? behind the headline-grabbing sala. name terms with the finance minries which provoke such envious comment. If the financial rewards to those in other occupations, why does supply not rise to restrain them - and even, dere it be said, to raise the quality of financial professionals at the same time? True, corporate financiers must master the mechanics of issuing equity and debt, and equity analysts must grapple with calcula-tions such as the dilnting effect of rights issues. But these technical skills are not so hard to pick up that they constitute a high barrier

to entry. There are, however, several factors which explain the salaries at least, those of the stars. First, the potential of some sectors to generate fees has suddenly grown. The embrace of privatisation by western European governments. and to some extent by Latin America and parts of Asia, is high on that list. The wave of megamergers and bids continues; telecommunications and media, in particular, have replaced pharma-

These trends have brought "winner-takes-all" characteristics to more sectors. The valoe of the best few people in the sector has soared; the value of the also-rans is only a fraction of that sum. Banks understandably are desper ate to hire the best.

And what constitutes the best?

Personal contacts form a genuine There is a genuine puzzla barrier to entry. To be on firstister organising a privatisation, or with a leading fund manager, is to dominate the "bot" sectors, the time taken to cultivate these from scratch could lose the race.

It is also worth considering contrary to popular perception that the earnings of many in financial services, other than the superstars, measured over a whole lifetime, may not be so different from those in other occupations. Many financial careers are short; the industry is intimately acquainted with the notion of job insecurity. That risk alone may deter those in other walks of life

from applying. At the same time, institutions on the lookout for new stars do themselves no favours. Hiring fresh talent from outside the industry is a risk many banks seem reluctant to take. They may function as meritocracles for those inside. But when it comes to outsiders, they - and their beadhunters - often play safe and recruit proven names. So the game of musical chairs goes ou.

Brittan: Our future lies in Europe

ritain's national iden-tity is under threat. What is under threat is our identity as a country of tolerance, pragmatism and moderation. But the threat is not from European integration; it is from our owo lack of self-confidence in responding to a competitive and unstable world.

The threat is that instead of responding to this challenge by working with our European partners, we run away from them by making Europe a scapegoat - and kid ourselves either that we can persuade our partners to reverse what we bave together created, or that we would be better off going it

The process of European integration up to now has not threatened our identity; it has, rather, helped us meet today's challenges. We have pooled sovereignty with our European partners where we could achieve together what we could

never achieve separately. The best example is the European single market, which has broken down barriers in Europe and opened up opportunities for our exports, so that now over 50 per cent of our goods go to Europe.

To achieve that it was not enough to abolish tariffs and create a free trade area. We had to have effective rules about minimum common standards, fair public purchasing, government subsidies - rules which required common institutions to apply them and police them - and you obviously had to have an independent court to interpret them. Yoo could not possibly allow 15 national courts to interpret the rules in 15 different ways.

We have benefited enormously from this integration. As a result the Italians had to repeal a new luxury car tax which excluded Jagpar cars from the Italian market and cost Jaguar about £80m in lost sales. UK firms now supply traffic safety equipment to German local authorities, bookhinding services to the new national library in France. and Land Rovers to the Italian army. We have also needed the

united strength of the EU to open up markets all over the world through international trade talks. But is there now a real threat that we will lose our national identity? Nothing afoot in Europe suggests that is remotely likely, Of

course there are some who dream of a European superstate. But the reality is that is not going to happen because that is not what European leaders or people want. So let us take a look at what sort

of further European integration is actually on the cards. The biggest step planned is monetary union. Why do people want it? To abolish the costs of switching from one currency to another; to end uncertainty caused by one currency rising or falling against another. But will those who go ahead in 1999 have their national identity threat-

By definition, governments will lose control over monetary policy. That is nothing new for countries which have independent central banks. And it is nonsense to say, as has been suggested, that the Budget will be faxed from Frankfurt.

All that is required is that member states run economic policies which are consistent overall with the aim of low inflation. Governments will still have the right to spend high and tax high, or spend low and tax low. All that is prohib-lted by Emu is a spend high, tax years.

Apart from Emu, the next steps in European integration are likely to be the ones emerging from the intergovernmental Conference. It is already clear that we are not going to see a dramatic leap forward.

There will be a modest extension of majority voting to allow the eastern European countries to join the EU without the decision-making process becoming paralysed, and also changes to reinforce EU foreign policy. But there is no question of Europe voting to send UK troops somewhere against our wishes. These developments are not threats to our identity, they are intensely in our national interest. The myth of an inexorable march forward of a more and more interventionist Europe is miles from the reality.

Europe is cutting back on red tape and adopting a business-driven agenda. When I first went to Brussels my opposition to social legislation meant being looked at as if I wanted to send boys up chimneys in

European Union: angel or demon?

the Victorian era. Today keeping social costs down and a flexible ahour market are the accepted

Sir Leon Brittan and John Redwood debate Britain's role in the EU

These are the realities of Europe today. To talk of reverting to a mere free trade area is absurd. It would deprive us of most of the benefits of the integrated single market. But some would go further. They demand abolition of the common foreign and agricultural policies and want to denude the European Court of effective power.

There is not the slightest chance of our partners agreeing to that kind of agenda. So let us not give any credence to policies which are no more than a cloak for a strategy for withdrawal from Europe. That would be a disastrous course for Britain. It would strip us of any influence over European decisions that are bound to have a huge impact on our future.

I do not believe that Europe is something which just happens to us. Europe is something which we can and should influence, just as the French use it to achieve French objectives and the Germans to achieve German objectives. To suggest that we cannot do as they do is

simply defeatist. We can use the EU to achieve Britain's national objectives, promote our national ideals and entrench our national identity. Let us regain our self-confidence and reverse the defeatist tide that is the true enemy of our national identity.

Redwood: Emu would mean misery

here are few more potent symbols of British identity than roast beef and the union flag. In the last month we have seen the European Union ban the former and ask that public buildings replace the latter with the 12 stars on Europe Day.

The aim of European integration is to create a country called Europe. For it to work, we would all have to swear allegiance to Europe. Of course that means weakening our sense of belonging to Britain. We would look to Frankfurt rather than to the City of London for our eco nomic prospects. Our armies would go into battle under the European tlag, marching to the European anthem. We would be represented abroad by the European rather than the British ambassador.

Advocates of more integration tell us that such talk is far-fetched or alarmist. Yet we have already travelled a long way. We joined a common market. That common market already has a flag, an anthem, a supreme court, a parliament and a powerful executive in Brussels. If I had said 70 years ago that today we would regularly find Acts of Parlia-ment overturned by the European Court, that Brussels would have banned sales of our beef worldwide and that British taxpayers would have to pay compensation to Span-iards who did not fish our waters, I would have been branded as fanci-

ful or worse. The biggest step the EU wishes to take towards one country is to create a single economic policy presided over by a central bank. The pound would be abolished. The Bank of England would become an

outpost of Frankfurt. Preparing for the single currency scheme is destroying jobs and raising taxes across western Europe but proponents say we must press on more rapidly, we must advance into the teeth of the gunfire. They say the trouble goes 10 show that the markers are unruly and unhelpful, so they must be overrun. The result of their actions is to inflict as much damage on the economies of west-ern Europe as generals inflicted on the armies of western Europe in the Great War.

The single currency, we are told, would remove exchange risks for business and increase trade and prosperity. But moving money around the EU would still have a cost. Banks charge more for money transmission than for switching currencies. They might try to replace some of the lost foreign exchange commission with higher transmission charges.

For most British businesses, the single currency would be all cost and no benefits. Most husinesses serve a local or national market, There would be no foreign exchange savings, but they would have to reequip to handle the new currency. During the transition, all shops would have to be able to handle two different currencies. They would need two lots of tills. Every slot machine and cash dispenser would need modifying. It means £2bn or

more of costs to set the system up, When two or more countries enter a currency union, they have to accept obligations towards each other. As poorer countries and regions can no longer devalue to make themselves more competitive, the richer parts of the union have to send benefits and subsidies to the

If Britain abolished the pound and gave our economic policy over to a European central bank, it would be the biggest transfer of power since the English civil war. Parliament would no longer have a

what the mortgage rate should be, whether your business can expand. Currency union would bring economic misery. It would also be political folly. I do not want to live in a Europe of 40 Quebecs, all unhappy about their lack of power and influence, speaking different languages, with different histories. cultures and allegiances, all trying to get out of the state called Europe.

The exponents of more European integration will stop at nothing 10 overthrow the countries of western Europe, They seek a common army, a common foreign policy, a single welfare and environmental policy, as well as a single currency. They say such a country would bring us greater peace and stability. But the nations of western Europe are peace-loving democracies.

I can understand the view that we ought to live in a country called Europe. What I cannot stand is people arguing that the anthem, the passport, the supreme court and the parliament just signify that we are good friends, that they are not the foundations of a new state.

Give us a single currency and a single army and you have effectively abolished parliament. No longer would the British people be able to seek redress from their MPs.

The British people resent attempts to undermine their democratic constitution at home and make decisions for them behind closed doors abroad. If we signed up for a single currency and a common foreign and defence policy, the nation would no longer have any political expression. We would have lost our voice in the world and most of our capacity for self-government.

Sir Leon Brittan, vice-president of the European Commission, and John Redwood, MP. were speaking in o debate last night on whether the UK's national identity is threotened by further European integration. The debate was organised by the University of Warwick in association with



Burden sharing

Proposals elaborated yesterday by senior finance officials of the Group of Ten industrialised countries show governments are trying to grapple with the risks that come with free capital movement and the growth of international bond markets. But the G10 suggestions, while sensible, are too modest to bave much impact on the resolution of future financial cri-

The trigger for the proposals in yesterday's report was last year's bail-out of Mexico, and governments' desire to see equal burden sharing among parties to a crisis. While governments were providing up to \$40hn of finance for Mexico, a group of US creditors holding high-yielding Mexican government paper - and whose unwise lending had exacerbated the crisis - were being paid out on

time and in full. The report proposes that the International Monetary Fund should be allowed in exceptional cases to step in to lend to debtor governments even while they remain in default with bondholders. This it can already do when bank creditors are involved. The report also argues for changes I'in bond contracts which would allow an easier resolution of debt defaults. The aim would be to reduce the prospect of deht settlements being "held to ransom" by a few individuals and reduce the incentives for bondholders to seek

individual settlements. As far as they go, the proposals cure.

alignation in the second transfer and the control of the control

will probably help but, perhaps inevitably, they do not go very far The officials threw out proposals for an international bankruptcy court, deciding rightly that changes should be driven by the

market place. Even if adopted tomorrow, the vast majority of existing bond contracts will for years still carry old contract language. Furthermore, the instruments which caused Mexico so much grief - the infa-mous tesobonos - were domestic financial instruments, which would not be covered by these proposals. In any case free capital movement has blurred the distinction between international and

domestic financial markets. Finally, the G10 governments themselves have been unwilling to lead by example and introduce the changes in contracts of their own bonds. The issue here is that any developing country wanting to pioneer the proposals may, by even raising the possibility of default, be taking a risk with mar-

ket perceptions. The measures should help at the margin to reduce the risks of extended negotiations with creditors and increase the chances that both lender and borrower share the burden of settlement. They will not do much, however, to prevent future financial crises. To do this, as the report also emphasises, prevention through the pur-suit of sensible economic and borrowing policies is better than any

Private programme

■ Moscow's latest parlour game is guessing what the Communist party's economic programme would be if Gennady Zyuganov were to win next month's presidential elections.

The answer to Lenin's question.

what is to be done?" could be anything from a pale pink form of Slavic social democracy, to full-blooded Stalinist revanchism. Komsomolskaya Pravda, tha one-time bible of left-thinking

youth - now transformed into a lively broadsheet for right-minded Yeltsinites - yesterday offered its own analysis, based on what it claimed were leaked Communist party documents. Re-nationalisation. re-establishment of state planning. wage freezes, price controls, and a

forced exchange of dollars at a disadvantageous exchange rate, are alleged to be some of the titbits on the socialist smorgasbord. Party officials denounced the document as a "gross falsification" concocted by the Kremlin's witchdoctors, which did not

contain "a single line of what is written in our programme". So wby the procrastination? The latest red-letter date for public presentation of the communists' long-promised, endlessly delayed programme is May 25. Maybe the party fears it's a case of "publish and be damned"?

Getting sloshed

■ It seems that Russian scientists have discovered the oldest lake on Earth, deep beneath Antarctica's icecap. Lake Vostok is estimated to be 140 by 30 miles, and is in the heart of Australian Antarctic

Territory, next to Russia's Vostok science base. Seismic soundings indicate its roof lies 2.3 to 2.6 miles beneath the ice at various points of its length; the water is estimated to be 1,600

feet (500 meters) deep. Researchers estimate the lake's waters may be as old as 1m years. For some peculiar reason the boffins are hoping to get some of the water out in order to study the microbes they reckon it contains.

What a waste; imagine what you could charge for 1m-year-old bottled Antarctic water.

A king's ransom

■ India's next prime minister, the Hindu nationalist leader Atal Bihari Vajpayee, can look forward not only to running one of the world's biggest democracies - his house is getting a facelift, too. His spacious New Delhi

residence on Rasina Road was given the once-over yesterday as soon as it became known he was taking over the premiership. He's due to be sworn in as india's 10th

prime minister today. Truckloads of carpets, new furniture and air conditioners were brought in, courtesy of the local anthorities

BSERVER

A local official explained: "We have been ordered to put all these things inside ... after 15 days, if we are asked to take them away (in case Vajpayee is voted out), then we will taken them away. But by tonight, we must make this house fit for a prime minister." By the look of the goodies being

It's a knock-out Can there be much hope for Germany, one wonders, following

wheeled in, fit for a king,

yesterday's front-page of Bild, the mass-circulation daily newspaper?
It reported that a special Berlin police commando stormed a hide-out at the weekend. Inside were five heavily armed Romanian bandits.

The police, complete in helmets and bullet proof vests, eventually succeeded in hauling out the offending hoodlums. Given that formal charges must

he brought within 24 hours, tha police set about trying to identify the Romanians. After 21 hours they still had difficulties. So they rang a duty

judge to seek an extension, and told him they would be arriving in 90 minutes. The unfortunate policemen set off late and became entangled in a traffic jam. The judge meanwhile

waited 15 minutes after the end of his shift, and then pushed off home five minutes before the police finally arrived.

The result - the five baddies had to be released because they couldn't be charged.

Germany's shopping hours are bad enough. But if it goes on like this the country may grind to a complete halt because, as Bild put it: "It's time to knock off."

Trench warfare ■ The onset of democracy in South Africa is sharpening up some aspects of the country, including

Just before the 1994 elections two black South Africans were digging a ditch alongside one another. One turned to the other and asked "why are we digging? Why should we be doing such menial work?" The other smiled and said: "Don't worry. After the elections, Mandela will be in power, there'll be a new

constitution, and then tha bosses will be here digging." Last week, after the new constitution was passed, the two found themselves alongside each other again, digging a different ditch. One turns to the other and says: "I thought you told me that

constitution the bosses would be doing the digging?" His companion turns to him and replies: "My friend, we are the

after the election and a new

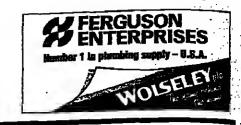
Financial Times

100 years ago **Increased Cycle Trade**

Another company to share in the profits arising from the increased cycle trade is now before the pubic under the title of the Dunlop-Traffault Cycle and Tube Manufacturing Company Limited. This Company is formed to acquire patent rights which, it is claimed, will do away with the vibration and jolting attendant upon cycling; and, in addition, to take over the Leamore Steel Works, which it is purposed to convert into a cycle factory. The working capital of the Company is to be £50,000. It would therefore seem that the difficulty experienced by the public in the purchase of cycles at the present time is in a fair way of being removed, or at all events, palliated to a certain degree.

50 years ago

Germans rise From a rumour that Italy's pre-war existing debts might be given priority over reparations in the peace talks, speculators in Foreign Bonds drew tha analogy that other ex-enemy countries might be similarly treated, and a littla demand in a narrow market was sufficient to raise prices. German Dawes and Young loans were especially prominent in the later dealing at 11% and 9%, showing gains of 1%, and gains in Japanese bonds ranged up to 1/2.



Surprise move follows slump in support

Dole quits Congress to revive presidential bid

By Jurek Martin in Washington

Senator Bob Dole yesterday took the extreme and unexpected step of resigning his seat in Congress to attempt to revive his flagging national campaign for the US

The presumed Repoblican candidate, trailing President Bill Clinton by an average of 20 points in public opinion polls, called in Senate colleagues and advised them of his decision before a press conference. "My time to leave this office

has come," Mr Dole told a crowd in the Senate. He said he would run for the presidency with noth-

ing to fall back on.

He said that be was running for the presidency "not attracted by the glories of the office, but by its difficulties". His voice breaking, he said: "Little has come to me but the hard way."

Several aides said that Mr Dole, with a total of 36 years' service representing Kansas in Congress. had decided it was not enough to take the lesser option urged on

By Robert Peston in London

President Jacques Cblrac

yesterday urged Mr John Major to extend Eurotunnel's franchise

to operate the Channel tunnel by

between 20 and 30 years to bail

out the company'a beleaguered

During wide-ranging talks cov-

ering the European Union.

defence co-operation and the beef

crisis, the French president said

the UK and France should con-

sider joint action to mitigate the

impact of Eurotunnel's financial

reconstruction on the value of

He said be was deeply con-

cerned at the prospect that hun-dreds of thousands of small

shareholders in the two countries

Mr Major responded that he would consider the suggestion.

However, UK ministers to date

have been very reluctant to pro-

vide any kind of assistance to the

company and a member of the

cabinet sald recently there was

nothing the government could

the company's shares.

were likely to suffer.

shareholders.

stand down as majority leader.
"Staying in the Senate in any way," one side said, "would give the Clinton White House the opportunity to blur the issues by throwing legislative stumbling blocks in front of him."

Another said he needed to establish his "independence" from an unpopular Congress. Mr Dole plans an instant campaign foray into Illinois today, stressing the personal qualities he believes match up well against Mr Clinton's. It was not immedi-

cially leave the Senate. The news shocked Washington, including the president's aides, although vice-president Al Gore said it could help break the legislative stalemate in Congress.

ately clear when he would offi-

Mr Mike McCurry, the combat-ive and voluble White House press secretary, ducked all immediate questions. He had earlier criticised Mr Dole for even contemplating relinquishing the majority leader's post Mr Dole'a action represents a

strategic shift, interpreted by par-

Chirac urges longer franchise

do. Under the legislation which

paved the way for the construc-tion of the tunnel, the UK gov-

ernment is prohibited from

injecting any kind of direct sub-

The concession has already

been extended once before, by 10 years in December 1993, which

means that the original 55-year

concession is due to end in 2053.

negotiations with its banks, which are owed more than £8hn (\$12bn), but a settlement appears

Several of Eurotunnel's largest

banks have strongly criticised an

outline refinancing programme

and are demanding a bigger share of the company's equity in

Analysts said a further exten-

sion would provide considerable

impetus to the company's negoti-

Mr Jeff Summers, an analyst at Klesch & Company, the debt trad-ing firm, said: "It would be bril-

liant public relations. It would

show the other parties that the

ations with its banks.

Eurotunnel is currently in

sidy into the company.

to help Eurotunnel investors

stroke of genius or as an act of desperation. Congressman Newt Gingrich, the Speaker of the

House, said it was "inevitable".

After his presidential nomina-

tion was virtually sewn up by early March. Mr Dole bad

attempted to run for president from Congress by engaging Mr Clinton in high-profile legislative

battles. A low primary campaign treasury had also been a factor in staying in Washington.

Democratic party has frustrated

him, most recently over his desire to cut the federal tax on

petrol. He has also been hard

pushed to resist Democrat

demands for an increase in the

federal minimum wage.

The resultant "gridlock" has done little for his reputation as a

master-parliamentarian or for the

Congress as an institution. It has

also enabled the Clinton cam-

paign to portray him as a captive of the increasingly unpopular radical rightwing Republicans.

governments are prepared to

the concession would be wel-

nomic impact on the company would be limited. "The value in current money of revenues in 60

or 70 years' time is actually quite

Analysis estimated that a 30-

year extension could increase the

present value of the company by

between £100m and £500m. This

compares with the group's debts

Eurotunnel has claimed the

two governments ahould provide

some form of compensation on the grounds they have broken

promises made to the company.

These include extension of

duty free sales on ferries and the

failure of the Eurostar train ser-

vice, which is owned by the UK,

EU: angel or demon, Page 11

French and Belgian railways, to

meet passenger number targets.

comed by the group's hanks.

low," said one banker.

Bankers said an extension of

But observers agreed the eco-

make sacrifices.

Troubled campaign, Page 7

personified by Mr Ginerich.

But a reinvigorated and united

By Nancy Dunne in Washington and Tony Walker in Beijing

threatened each other with puni-tive tariffs and import bans on hundreds of products, incloding Chinese silk and US movies, as their dispute over intellectual property escalated yesterday.

nese goods which could be liable to import tariffs of 100 per cent or more unless Beijing agrees by June 17 to improve protection of US products, including compact

joint ventures in some sectors. Beijing said bans would be imposed on imports of US movies, television programmes and other audiovisual products. This took aim at the US music and film industry, which has led the fight against counterfeiting.

Ms Charlette Barshefsky, act-

prises clothes and textiles, which the US says targets state-owned textile mills and Guangdong province, which Washington described as "China's most notorious region for piracy". The list also includes \$500m of consumer electronics and \$500m in other consumer goods, such as surf-

garding its "tremendous efforts" to curb intellectual property rights abuses and warned that it would "hit back harder" if the US went ahead with sanctions.

US fear of sanctions, Page 4

US-China trade war escalates with threat of tariffs

The US announced \$3bn in Chi-

discs and software, from piracy.

Shortly after the US announce ment. Beijing responded with its own list of threatened measures. which included punitive tariffs of 100 per cent on items such as agricultural products, cars and cigarettes. There would also be a freeze on approval of new US

ing US trade representative, said China's failure fully to enforce a 1995 pact designed to eradicate piracy of intellectual property had made the action necessary. Comment from US companies would be sought, and a hearing would be beld on June 6 and 7 before the list was pared down to products valued at about \$2bn.

Two-thirds of the US list comboards and gym equipment.

The US announcement of threatened sanctions follows the breakdown this week of two days of talks in Beijing between Mr Lee Sands, the US trade negotiator, and Chinese counterparts. Mr Sands left Beijing yesterday after his abortive meetings.

China accused the US of disre-

Ms Barshefsky set conditions to be met if the sanctions were to be avoided, including: Strong action against more

than 30 factories producing counterfelt software, compact and laser discs, and videos.

Creation of an effective border

enforcement system.

Expanded access to China's market for US audiovisual and computer software companies which want to establish joint

Stet looks at an Anglo-German alliance

Continued from Page 1

Dr Swith said it was natural that C&W should be stepping up talks with industry partners following the collapse of merger merger talks with BT earlier this month: "When you are having merger riage. You do not talk to other

Europe today

Central sections of Scandanavia will have rain and cloud. It will be sunny in England and Wales and there will be occasional rain in Ireland and Scottand. The Benelux and

northern Germany will be surny but cool. France will be chilly with rain in the north but it will be warm with rain or thunder showers

in the south. Eastern Spain will be sunny and warm, but the west and Portugal will have

cloud with rain or thunder showers. Italy will

showers. Eastern Europe will be warm and

remain dry. The British Isles will have cloud with occasional rain in most areas. Eastern

Europe will be dry as high pressure develops

be sunny, while the Alps and southern Germany will have cloudy skies and

developing during the afternoon.

It will rain in northern France and the Benelux on Friday and Saturday. Heavy showers will continue over the western

Five-day forecast

ople and contacts are put on

ice. Now that is over he said.

Meanwhile, Dr Smith
amnounced the end of the group's six months search for a chief executive following the departure last year of Mr James Ross. Mr Richard Brown, currently president and chief executive of H&R Block, a Kansas City-based

tax preparation company takes up the £650,000 a year job in July. Mr Brown, 27 years in the tele-

coms husiness but comparatively unknown in Europe, bas to restore direction and morale to a company with global ambitions hnt buffeted hy hoardroom

FT WEATHER GUIDE

over the region.

TODAY'S TEMPERATURES No global airline has a younger fleet. Lufthansa

Sun Sun cloudy fear fear source cloudy thursd fear fear fear sain fear sain fear sain

THE LEX COLUMN

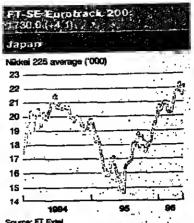
Ringing the changes

Cable and Wireless to swap shares with Stet, the state-controlled telecoms group, may prove a pipedream. But it does underline the fact that Mr Dick Brown is taking the belm at C&W at a time of great instability. This month's breakdown of merger talks with British Telecom has left it without a clear strategy. Though some like to talk of C&W as a string of pearls, it is more like a few pearls mixed with semi-precious stones and lacking any thread to hind them

Mr Brown has three main strategic options. The first is to flog the jewels piecemeal; since C&W trades at a hig discount to the sum of its parts, the enhancement of shareholder value would be substantial. The second option is to merge the whole company with one of the three emerging global supercarriers – led by AT&T, BT and Germany's Dentsche Telekom. The snag is that this has already been tried many times but the regulatory and financial obstacles are formidable. Option three is for C&W to try to string together its assets and act as the nucleus of a fourth supercarrier. This is where Stet and Veha, C&W's existing German partner, could come in. Other allies might also be roped in: GTE and the US Baby Bells, all of which need some sort of global strategy, are obvious candidates. Given that Mr Brown was passed over for the top job at Ameritech and is only 49, be is probably not keen to surrender the helm at C&W quickly. That makes option three the most likely. It is also the one that offers the poorest prospect of rapid shareholder returns,

Stet may be serious about joining forces with Cable and Wireless, butfew in the telecoms industry take it seriously. The group's international strategy seems to be to lunge at anything that moves; but despite often offering the top price, prospective partners rarely choose it. Stet's most dramatic move, to date, was to offer to plough \$1.4hn into Russia's Sviazinvest - only to pull out at the last minute. The group's most trumpeted deal has been a link with IBM which the Italian company has shown more interest in than the US giant.

While Italy's next government under Mr Romano Prodi is determined to crack the whip, getting Stet in a fit state for privatisation and partner-ships will be hard. One problem is Stet's holding company structure with its maze of partly-owned subsidiaries, which has more to do with empire-



huilding than industrial logic. Analysts think breaking up Stet - which encompasses fixed and mobila telecoms services, software, installation, equipment and yellow pages - could boost shareholder value by up to 50 per cent. At least in that regard, it has

a lot in common with C&W. A crazy structure is only part of Stet's problem. The high-priced Italian telecoms market is due to face an onslaught of competition when it is liberalised in 18 months time, If Stet is to meet the threat from aggressive international rivals like BT which has just teamed up with Mr Silvio Berlus-coni's Mediaset, it will have to boost efficiency at home and devise a more focused international strategy. Maybe then, prospective partners will take it

The Japanese stockmarket is back on form. Yesterday's 31/2 per cent spurt in tha Nikkei average suggests the market has shrugged off the danger of an imminent rise in interest rates, and rightly so. Fears of a tightening of monetary policy had been fanned by an administration keen to talk up the economy; officials are now pouring cold water on the idea of an imminent tightening. The latter position is more credible, since economic recovery still looks relatively modest, and the government needs to keep interest rates low for as long as possible to allow the ailing financial system to recover. This is good news for the stockmar-

ket, particularly as the the fading prospect of a rate rise has created another favourable by-product: a weaker yen. This should flatter already strong corporate profits growth, as the results season gets under way. The financial sector may

year's profits, while stronger sales should start to feed through this year. Of course, the link between a weak. yen and a strong stock market is a mixed blessing for foreign investors. Since it started its hull run last July; the Nikkei average has risen more than 50 per cent in local currency terms but only 20 per cent in dollar terms. But there are compensations. Given the dislocation of the Japanese economic cycle, the stock market should be fairly resilient to corrections in other markets. And equities still offer reasonable value by comparison with bonds: even after a recent self-off. 10-year bonds are still yielding less than 31/2 per cent.

Argyll

The UK's food retailers are finally taking a breather from the torments of price competition. J. Sainsbury, Tesco and Argyll have all predicted stable gross profit margins going forward, a they struggle for cheaper ways to dif-ferentiate themselves than price. The remaining loose cannon is Asda, which could decide to plough more funds into price cuts, as an alternative to a loyalty card; but this looks

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Companies :

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At Argyll, about to be renamed after its Safeway brand, price discounting, including loyalty cards, more than offset efficiency savings of over £50m last year. So with the new store and refurbishment programme continuing at speed, earnings growth looks safely underpinned. Sales per square foot are beading for stated targets, but they remain well short of its larger rivals: And the group has achieved 19 per cent returns on investment in stores opened since 1987. However, the problem is that it is becoming tougher to get planning consent for new stores: Without new store growth, Safeway would look vulnerable to further twists in the competitive war.

Argyll's substantial interest cover

and rising cash flows provide consider able scope for acquisitions, but there is little scope for deals at home, and it is unwilling to follow its competitors overseas, it is clearly better for shareholders to get 2 per cent earnings enhancement from a £200m buy-back than to see the money wasted on a hasty purchase. But the double digit returns on capital achieved by Sains bury's US subsidiary Shaw's should provide an incentive for it to be a little more adventurous.

> Additional Lex comment on PowerGen, Page 17

This adventisement appears as a matter of record only

Aluminium Components Group Limited

has acquired

FIBO A/S (Norway) Herrmann Praezisionsdruck GmbH u. GbR (Germany)

Management Buy-in

with total funding of £15 million

Initiated and Negotiated by Trident Partners

Led and Arranged by Legal & General Ventures Limited

Institutional Equity provided by Legal & General Ventures 1996 Unquoted Equity Fund Group Trust plc

Senior Debt provided by Dresdoer Bank AG London Branch

Legal Advisers Ashurst Morris Crisp (Acquisition and Institutional Equity) Eversheds, London (Management) Allen & Overy (Senior Debt)

> Reporting Accountants Coopers & Lybrand



Legal & General Ventures Limited

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Pay row may hit Air France reshape

Air France said it would delay a planned restructuring of its domestic and European operations if domestic pilots did not agree to a new remuneration package by the end of next month. The company is seeking to align the pay and conditions of Air France Europe pilots with those of their non-domestic counterparts. Page 14

France Télécom silps as float looms

France Télécom reported full year net profits down 7.3 per at FFr9.2bn (\$1.77bn) on sales up 3.7 per cent at FFr147.8bn, in what are probably the last set of annual results before partial privatisation. Page 14

Swedish Match goes public again Swedish Match was listed for the first time since 1988 on the Stockholm stock exchange and simultaneously launched on Nasdaq in New York, Page 14

Black consumer demand lifts African Life frican Life, the insurance group that contributes more than 70 per cent of the earnings of Real Africa Investments, South Africa's second largest hlackcontrolled conglomerate, posted a 52 per cent increase in recurring premium income to R308.2m (\$71.3m) for the year ended March 31. Analysts said the strong performance reflected sharply increased demand from black consumers. Page 15

Vitro declines in first quarter Vitro, Mexico's largest glass-manufacturer, announced a fall in sales for the first quarter of 1996, thanks to a lower level of activity by its trou-

bled US subsidiary. Page 16 Sharp rise for Berkshire Hathaway

Berkshire Hathaway, the US insurance and investment group, reported a sharp rise in first-quarter earnings. However, the company said the figures were "meaningless in evaluating the company or charting its progress". Page 16

Williams buys Sicli In FFr1.38bn deal Williams Holdings, the diversified UK industrial group, announced its biggest acquisition in more than five years with the FFr1.38bn (\$265m) takeover of the Sicli Group, France's largest fire protection and rescue vehicle company. Page 17

PowerGen buy-back fails to please PowerGen, the UK electricity generator, unveiled a 40 per cent increase in dividend and a £400m (\$608m) bny-back of 10 per cent of the company. However, investors were still disappointed. Analysts said the company should have returned more cash to investors. Page 17

Bank of Ireland to start 24-hour service

Bank of Ireland, the second largest Irish bank, is to
launch a 24-hour telephone banking service in Ireland later this month. The bank hopes the service will help it increase its presence in Northern Ireland. Page 17

4 Korea Telecom

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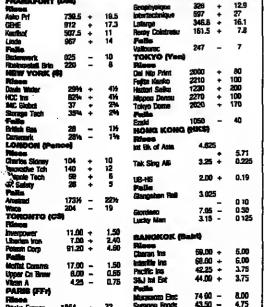
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Market Statistics FT-SE Actuaries indices SAnnual reports service Foreign exchange enchmerk Best bonds Bond futures and options London share service Managed funds service Money markets adities prices New intl bond issues **EMS** currency rates Bourses Fixed interest indices Short-term int rates 26 US Interest rates 29 World Stock Markets FT Gold Mines Index

USAir Veba Vitro

Chief price changes yesterday



Sony recovers to Y138bn

By Michiyo Nakamoto in Tokyo

Sony, the Japanese consumer electronics and entertainment group, yesterday signalled a firm comeback by reporting a 15 per cent increase in consolidated sales for the year to March. It also forecast that pre-tax profits this year would rise strongly because of stable exchange rates. cost cutting and the launch of

digital products. Buoyant sales of televisions, components and cellular phones as well as a recovery in the pictures group contributed to a rise in group sales to a record Y4,592.6bn (\$43hn) from

Sony posted pre-tax profits of

prime minister, wants to act fast

in Stet. Italy's telecommunica-

slim down and marry off the tele-

and Veba, the German industrial

conglomerate. Stet is understood to have reopened tentative talks with C&W, called off when the

UK company began negotiating with British Telecommunications

about a possible merger.
Following the failure of those

last eligible telecoms operators in

"If you look at the corporate

outsourcing market, C&W isn't in one of the three big partnerships

and neither is Stet, so from that

point of view it might make

sense for them to join together

and become the fourth player in global outsourcing," says Mr

at Salomon Brothers in London.

The plan would achieve two of

the goals which have eluded Stet and IRL the state holding com-

pany which owns 64 per cent of

Stet. It would create a global tele-

coms alliance, rendering Stet

more appetising for potential buyers of a first tranche of Stet

shares. A sale would, in turn,

reduce IRI's debt, which other

wise risks breaching limits set by

the European Commission in

Mr Prodi's advisers hope an

alliance could be cemented with

Stet's purchase of shares in

C&W, and the establishment of a reciprocal hard core of industrial

and financial investors in Stet.

The plan would have far-reach-

ing implications for the Italian telecoms group. At home, such

an alliance would neutralise

C&W's Italian operation, part of

Cahle and Wireless Europe, the joint venture hetween C&W of

the UK and Veba. Linking C&W's

competitive Italian business into

a deeper industrial alllance

would help Telecom Italia and

What

Brown

brings

to C&W

It was pure coincidence that had

Mr Richard Brown passing

through London the day Cahle

By Alan Cane in London

including C&W and Veba.

the European market.

Sales at Japanese electronics group rise 15% with further growth forecast

write-off of goodwill in its Hollywood movic husiness. However, profits were only about half the Y270.7hn posted in 1991.

Sony's improvement over the previous year reflecta more favourable markets in Japan, the US and Europe which spurred greater demand for products in most of Sony's businesses, except Sony has benefited from lts

strength in components and video displays, which have been iu strong demand from the com-Y138.2bn, a turnround from the puter industry, and new prod-

ucts, such as digital camcorders. mohile phones and the Play-Station, Sony's 32 hit video games machine. Sales of the Min-Disc music system rose from

300,000 units to 700,000 units. There are continuing concerns over Sony's level of inventories, which increased by Y133hn to Y856.6hn. Although Sony explained that half the increase was due to a weakening of the yen, "the level is still too high". said Mr Joseph Osha, analyst at Merrill Lynch in Tokyo.

Sony saw the fortunes of its movie operation improve with

hits such as Sense and Sensibility and the popular TV series Seinfeld. The business increased sales 13 per cent in yen terms, and "did very well", Sony said, in contrast to the previous year, when Sony was hit by the goodwill write-off and a Y50hn loss in Sony Pictures.

Music revenues only rose 3.6 per cent in spite of the success of artists such as Mariah Carey and Michael Jackson whose HiStory album has sold 10m copies.

Sony expects a stable exchange rate, cost-cutting, a better market environment in Japan and prod-uct launches to help lift consolidated sales this year hy 9 per cent to about Y5,000hn and pretax profits by 41 per cent to Y196bn.

next month. If he resists changes

he is likely to face the combined

political weight of Mr Prodi and

Mr Carlo Azeglio Clampi, tipped to become Treasury minister in

the Prodi government and who will be in charge of privatisation.

If Mr Prodi makes his advisers'

plan the condition for a rapid pri-

vatigation. Mr Pascale may have

to obey his majority shareholder.

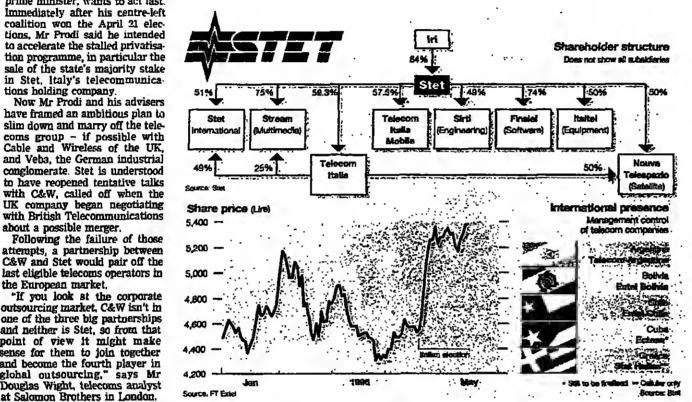
Andrew Hill and

Robert Graham

Lex, Page 12

Rome plans a fast marriage for Stet - C&W is a possible suitor

Mr Romano Prodi, who should shortly he appointed as Italy primes eligible partner



principal operating subsidiaries put up a stronger defence against competition from the likes of Infostrada, a partnership between Olivetti, Bell Atlantic and France Telecom, and Albacom (the BT joint venture with Banca Nazionale del Lavoro), which recently allied with Mediaset, Mr Silvio Rerlusconi's media group. Ahroad, Stet's hopes have been

invested in the preliminary agreement with IBM of the US, which foresaw a global alliance between the Italian telecoms group and the US computer manufacturer. C&W Europe has also expressed an interest in joining such an accord, which would aim to offer international business and private clients a selection of networked telecom and computer services. Talks between IBM and Stet have dragged on for more than a year. They have heen marked hy disagreement over who should control such a part-

Telecom Italia Mohile - Stet's successful Finsiel software subsldiary. A direct alliance with C&W and Veba might fulfil Stet's ambitions better.

Mr Prodi has plans for Stet's structure and investments. The new government would not split Stet into component parts but his advisers do envisage the sale of certain Stet operations, including Seat, the valuable publishing division and the half-share of Sirtl, the cash-rich telecoms engineering subsidiary.

A new government could also rein in the ambitious expansion plans of Mr Ernesto Pascale Stet's chief executive, including his pledge to spend L37,500bn (\$24bn) by the end of 1998 to link 10m Italian homes to fibre-optic cables. The Prodi advisers believa those plans should be scaled back to cover a maximum of 5m homes in the same period.

Stet refused to comment on tha likely change of strategy yester-day. Mr Pascals is known to be nership, and hy IBM's concerns sensitive about his position as

ahout competition from Stet's chief executive, up for renewal Richard Brown What he will earn S Basic salary: £650,000 a year

S Bonus: maximum of 100 per cent of basic salary after three years' earnings per share growth averaging 15 per cent a year Share options valued at four times basic salary (£2.6m) exercisable after three years contingent on earnings per share growth of at least 6 per cent in real terms over that period Two-year rolling contract

No "golden handshake" or "golden parachute*

heen in the telecommunications business most of his working life. However, his present job is president and chief executive of H&R Block a Kansas-based company that advises on tax affairs and is technology community as the

communications and started his

became Sprint Corporation, the

vice-president of Sprint in 1989, and joined Illinois Bell, the largest subsidiary of Ameritech in 1990 as president and chief execu-tive. In 1993, he hecame vicechairman of Ameritech, one of the regional Bell operating companies established after the hreak-up of AT&T in the early 1980s. He is credited with a central role in the reconstruction of Ameritech from five operating companies into 12 market-based

units and a network.

He believed that working for Sprint had given him a powerful understanding of local and long distance telephone service, while his experience of Compuserve.

third largest US long distance important new areas of telecoms.

disposal by Dasa By Frederick Stüdemann in Berlin Martine Dornier other shareholders," she said. Tiefenthaler, a member of the Dornier family which retains a stake in the Dornier aircraft manufacturing subsidiary of

Dornier family

holds out against

Daimler-Benz, yesterday publicly criticised the German engineer ing group for trying to sell the unit.
Mr Dietrich Russell, the

Daimler Benz Aerospace (Dasa) board member responsible for the company's aviation husiness, had told a press conference that Dasa was still holding negotiations with Fairchild of the US about the possible sale of Dornier.

An enraged Mrs Dornier-Tie-fenthaler told Mr Russell: 'You cannot sell Dornier if we do not give our consent." She said the family opposed a sale to Fair-child as the US company did not seem any better in management terms or more financially capable

Mrs Dornier-Tiefenthaler said the family would raise objections to Dasa's plans at the pext meeting of Dornier shareholders, scheduled for later this month, "Mr Russell is conducting negoti-ations over a sale which cannot take place without the consent of

Mr Russell said Dasa gave its support to a plan to turn Airbus Industrie, the European aircraft consortium in which Dasa holds a 37.9 per cent stake, into a single corporate entity. He said that ideally such a new company would be publicly quoted and cost and production efficiencies would be generated by the conversion of Airbus into a proper company.

Mr Russell said Dasa would also like to see new partners brought in for the development of a 550-seat "super-jumbo", the A3XX, which Airbus is considering. Given the expected develop-ment costs of \$8bn-\$10bn, addi-tional partners would be needed.

The Dornier family owns 47 per cent of Dornier, but holds significantly lower voting rights. How-ever, it alleges the sale of Dornier would be a violation of the contract signed when Daimler took control of the company. The family claims it retains the right to block the saie of any part of the Dornier group and the right of

Prada perfume deal attracts Estée Lauder

By Alice Rawsthom in London

Estée Lander, the US cosmetics group, is expected shortly to announce plans to produce women's and men's perfumes for Prada, the Italian family firm which has become one of the hottest fashion houses of the 1990s. The two companies are under-stood to have been in talks for several months regarding an agreement whereby Lander will make and distribute scents for Prada nor Lauder would com-

ment on the deal. The designer fragrance market is one of the most profitable areas of the beanty industry which has sales of \$70bn a year. Marketing budgets are high, but production costs so low that a best-selling designer scent, such as Chanel No5 or Calvin Klem's CK One, makes estimated annual profits of at least \$20m on retail

sales of more than \$100m. A perfume bearing the Prada name has strong commercial potential because of the high profile and prestige of the fash-

CLASS OF ITS OWN

Prada was founded in Milan in 1913 by Mario Prada to make bespoke lnggage for wealthy travellers. Its fortunes faded after his death until it was revived by his granddaughter, Minecia, who took over in 1979 and has since revitalised its designs, while her husband. Mr Patrizio Bertelli, has restructured the business

Prada's £250-plus nylon backpacks and minimalist fashion collections have since attained family owned, has expanded from its original Milan shop into an international chain of 58 boutiques and made sales of L570br

(\$365.6m) last year.

An agreement with Prada would form part of Estée Lauder's strategy of modernising its product range following its flotation on the New York stock market last antumn. Lander. founded in 1946 by Mrs Estée Lander and her financier busband, Joseph, is best known for the old fashioned glamour of best-selling perfumes such as Beantiful, White Linen and its latest launch, Pleasures.

Notebook with decking

that despite as small size and light weight, users benefit from a wide range of alternative configurations, including an optional CD-ROM drive. This Notebook has been designed to best the best in the world, matching the versatility and processing speed of much bigger and heavier machines. Its Pentium processing power, multimedia capabilities, appradeability and performance certainly puts the NB-500/1 in a class of its own. NB-575/I 75MHz Pentuan Processor BMS RAM (expandable to 40MB) 104" Dual Scan colour screen 35" diskette dinne 540MB removable hard disk dinn NEMH battery and AC edaptor 16-th SoundBlaster audio audio ports and built in speake 2 . POMCA Type II slots or 1 . POMCA Type III stat Compact and light - 297 x 228 x 50mm and 2 9kg Windows 95 for DOS 6.22 & Windows for Workgroups 3 (1) pre-loades £2,109.13 INC VAT (£1,795.00 EXT VAT)

Until now, choosing a portable PC could mean compromising on power and flexibility

NB-500A offers PO Pertium power and a colour streen. And its modular design means

Bionex's NB-500/I notebook changes all that. Even the basic specification of the



and Wireless called off its proposed merger with British Tele-communications. On his way to Sweden for a Pharmacia and Upjohn board meeting, where he chairs its compensation (executive pay) committee, he found himself spend-

ing that Thursday with Mr Brian Smith, C&W chairman, finalising details of a joh offer that had been in abeyance since February. Yesterday, he was philosophi-cal about the delay and the pros-

pect that the joh might never have materialised: "You must never have one course of action. Brian Smith and I kept talking during the negotiations, but it would have been very different for me if the merger had gone

Now he has responsibility for bringing new focus and direction to a company shaken by the unexpected expulsion late last year of its former chairman and chief executive. Lord Young of Graffham and Mr James Ross, after a boardroom dispute.

better known in the information parent of Compuserve, the online stand technology, I understand business and 1 have experience outside the telecoms industry," he said yesterday, outlining the skills be would bring to C&W. Mr Brown was educated at Ohio University where he studied

career in 1969 with Ohio Bell. By 1980 he was the divisional manager for Cleveland responsible for managing installation, construction and repairs.

tries had broadened his knowledge of international operations. Colleagues say Mr Brown is In 1981, he moved to United decisive, has the ability to think Telecommunications, which laterally and has an interest and understanding of the critically

1

Born in 1947, Mr Brown has carrier. He became executive Lex, Page 12

COMPANIES AND FINANCE: EUROPE

NEWS DIGEST

Pay row threatens Air France merger

Air France yesterday said it would delay a planned restructuring of its domestic and European operations if domestic pilots did not agree to a new remuneration package by the end of next month. The state-owned carrier said it would be unable to proceed with the merger of Air France Europe, its domestic partner, with its own European operations in April 1997, as currently envisaged, unless greement was reached

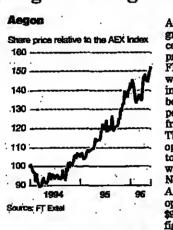
It said it was seeking to align the pay and conditions of Air France Europe pilots with those of their non-domestic conviterparts. At present, Air France Europe pilots receive between 10 per cent and 15 per cent more.

This emerged as Mr Christian Blanc, Air France chairman. confirmed he was aiming for privatisation of the airline late next year or early in 1998, saying he was "aware of the difficulties but absolutely not pessimistic. If, as we hope, we can rectify the situation of Air France Europe'a accounts . . . shareholders will be interested in a company that has recovered so spectacularly in such a short time," he said.

The company yesterday revealed more details of a programme of measures to improve the financial performance of Air France Europe, which Mr Blanc recently warned would be insolvent in less than two years if nothing were done. This included a two-year pay freeze and the creation of shuttle services on routes between Paris and Marseilles. Nice and Toulouse. The company is alming to cut staff levels from more than 10,000 to little more than 9,000 in two years, without resorting to compulsory redundancies.

Mr Jean-Pierre Courcol, Air France Europe's managing director, said the measures should restrict losses to FFr850m-FFr900m (\$165m-\$170m) in the first year after their implementation and FFr150m-FFr160m in the second. David Owen, Paris

Aegon earnings increase 12.6%



Aegon, the Dutch insurance group, reported a 12.6 per cent rise in first quarter net profits from Fl 299m to F1 325.6m (\$190m), and said it was on track for an increase in the full-year earnings of between 7 per cent and 12 per cent. Turnover advanced from Fl 6.07bn to Fl 6.7bn. The life insurance arm saw operating profits rise Fl 37m to Fl 332m, of which the bulk was generated in the Netherlands and the US. Annuity deposits from US operations declined from \$934m to \$917m, but these figures were not included in

the reported revenues. Investment income for the account of policyholders, also not included in reported revenue, rose from F1 777m to F1 966m.

The annual shareholders' meeting approved a final divided of Fl 1.75 – payable entirely in cash or in new stock at the shareholder's discretion. Aegon's management also announced a change in the interim dividend policy, to take effect starting with the payment scheduled for September 1996. It will now be 50 per cent of the previous year'a total dividend, "harring David Brown, Amsterdam

Lagardère bid for Matra Hachette

Lagardere Groupe, which controls Matra Hachette, yesterday proposed to absorb the unit via a one-for-one share swap. There is a FFr140 cash offer for those not wanting to exchange their Matra shares for those of Lagardère, Lagardère said the FFr140 price was 32 per cent above the average of the past 12 months. Matra's first quarter sales fell from FFr12.16bn to

French first-quarter sales (FFr bn)

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NatWest Group

NatWestBank N.A.

We acted as financial advisor to NatWest Group.

Bangkok Boston Chicago Dallas Frankfurt George Town

Goldman, Sachs & Co.

has completed the sale of

Financial Group

France Télécom slips as float approaches

By David Buchan in Paris

France Télècom yestarday reported full-year net profits down 7.3 per at FFr9.2hn (\$1.77bn) on sales up 3.7 per cent at FFr147.8bn.

Announcing probably the last set of annual results before partial privatisation, Mr Michel Bon, France Télécom presi-dent, said 1996 would be a year of historic change for the state-

owned utility. A hill to open the French telecoms market completely in 1998 is before parliament, and the government is poised to propose another hill to incorporate France Télécom. The aim is to sell a large minority stake

to private investors and ened protests, but most appear

Mr Bon said the fall in net profits largely reflected asset sales in 1994 and a provision last year for renewal of France Telecom's first-generation cabla network.

He sought to head off union claims that such a profitable enterprise did not need privatising, arguing that Franca Telecom operated in a capitalhungry industry with large investment requirements. The group in fact reduced investment by 11.7 per cent last year to FFr35.8bn, but this in part reflected cheaper equipment

Some unions have threat-

to have accepted government assurances that France Telé com would continue natil 2002 to give new employees civil

servant status with associated

joh security rights, and that the state would maintain responsibility for pensions.

Mr Bon said this solution should ease the worries of potential investors in France Télécom over the issue of pencies, Mr Bon said.

sions, which he said had "poisoned" recent telecoms privatisations elsewhere. Productivity improvements at all telecom operators had decreased the ratio of active to retired personnel and therefore increased the hurden on the former cate-

gory of paying the latter's pen-

But he refused to predict whether partial privatisation would see the continuation of ioh reductions, which in recent years have cut the number of employees by hetwean 1,000 and 2,000 a year to the current of 160,000. The large job cuts at British Telecommunications had been achieved by means other than forced redundan-

In providing a level playing field from 1998, the government is aiming to ensure France Telecom pays the same social charges as its new competitors in France, such as Générale des Eaux and Bouy-

Novo Nordisk

Historic P/E

SHARE PRICE

relative to the Copenhagen SE

gues. This may involve France Telecom handing over to tha government money it has pro-

visioned to meet pension liabil-ities, but which under the new arrangement it no longer needs. Mr Bon said these provisions, which might now go to tha government, would total FFr22bn by the end of 1996.

Ordinary telephone services still made up 75 per cent of sales last year, hnt the strongest turnover growth was in mobile (24.6 per cent), leased lines and natworks (6.9 per cent) and audiovisual and image services (13 per cent). Net daht fell 9.6 per cent to FFr87.3bn, compared with funds and capital of FFr136bn.

EARNINGS PER SHARE

Swedish Match sets bourse alight

By Hugh Carnegy

One of the most famous - and once notorious - names in the history of Swedish industry was returned to public owner-ship yesterday when Swedish Match was listed for the first time since 1988 on the Stock holm stock exchange and was simultaneously launched on Nasdaq in New York.

The company, still the world's largest manufacturer of matches, and also the biggest supplier of chewing tobacco m the US, was spun nff by its erstwhile owner Vnlvo as part of the motor manufacturer's strategy of divesting all but its core automotive operations. Swedish Match shares, dis-

Teleci

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Setbac:

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tributed on a one-for-one basis to all Volvo shareholders. openad in Stockholm at SKr19.50 and rose quickly to SKr22.30 hefore closing at SKr21.90 - valuing the con-pany at SKr10.1bn (\$1.49bn). "This gives another dimen-sion to our business," said the company. "It is not that we have suffered under all the owners we have had in recent vears but we have not been a core business for any of them.

Swedish Match achieved world prominence in the 1920s as the mainspring of the industrial empire built by the Swedish financier Ivar Kren ger. His domain included Ericsson, the telecoms group. He established monopolies in 35 countries in exchange for

making loans to governments.

After the 1929 Wall Street crash the financial web unravelled and Kreuger shut himself in Paris in 1932 as his creditors closed in. Among them was the Wallenberg family, which stepped in to help clear up the debris, thus boosting the growth of the industrial empire it controls to this day.

The Wallenbergs controlled Swedish Match as late as 1989. In 1992, the remnants of the matches and lighter operations were taken over by Procordia, a company jointly, nwned hy the Swedish state and Vnlvo, and merged with tha Swedish state tnbacco industry. The company become whilly-owned by

Volvo. Today, mnst of Swedish Match's SKr7.5bn annual turnover is accounted for by tobacco products. It is the biggest producer of cigarettes in Sweden – its main cash generator - and boasts a 99 per cent market share for "snus". a moist wad of smnkeless tobacco jammed under the upper lip, a habit indulged in by a large proportion of Swed-ish men. Swedish Match also owns Pinkerton, the higgest

US maker of chewing tobacco. In the first quarter, group pre-tax profits fell from SKr537m tn SKr298m, bnt were ahead when adjusted for a one-time gain of SKr328m in the same period last year. Sales rose from SKr1.67bn to SKr1.73bn.

Currency gains help 31% advance at Novo Nordisk

First quarter pre-tax profits at Novo Nordisk, the pharmaceu-ticals and industrial enzymes business, increased 31 per cent from last year's DKr425m to DKr557m (\$94m). The result was slightly lower than the average forecast hy market analysts, but the shares closed un DKrl at DKr764.

Sales were ahead 1 per cent - from DKr8.4bn to DKr3.43bn and profits before net financial items increased 8 per cent, from DKr473m to DKr510m. Net financial items showed a surplus of DKr47m compared with a DKr48m loss last year, a result of gains this year from

By Andrew Jack in Parts

rival group.

Executives at one of the

leading subsidiaries of CIC, the

banking group ultimately con-

trolled by GAN, the French

insurer, are discussing the idea of "mutualising" their parent bank to prevent a sell-off to a

Lyonnaise de Banque, one of

tha larger regional banks within the CIC group, has already held discussions with

GAN executives and govern-

ment officials about their pro-

posals to buy out the parent

Under the plan, Lyonnaise

and the other leading regional

banks in the CIC network

would use their own funds and

raise external equity to take

control of the holding com-

pany, and block any future

takeover. They would later

gradually reduce the external

GAN, which is owned by the

French state and controls CIC,

announced last year that it intended to sell off a stake in

the bank as part of a plan to

raise funds to help with tts

As discussions have intensi-

fled with the government, and

financial restructuring.

CIC holding company.

Defences planned

against CIC sale

foreign exchange and the secu-rities portfolio. With after-tax profits up

from DKr310m to DKr396m, earnings per share rose from DKr8.26 last year to DKr10.56. The first-quarter figures were affected by a 4 per cent appreciation of the krone as well as a change in corporate strategy at the beginning of last year. A decision to focus nn its

areas of core competence - diabetics care, hormone replacement treatment for women. human growth hormone and industrial enzymes - was followed by several disposals. Sales of continuing husi-

nesses, measured in local currencies, increased 9 per cent, the group said. It maintained

concern over the need for a substantial recapitalisation of

GAN has grown, the position

has shifted, and it is now likely

that the majority of CIC will be

sold off by as soon as the end

A sale to another bank could

trigger ona of the most signifi-

cant shake-outs in the sector in

many years. Société Générale

and Credit Mutuel are among

the institutions that hava

Members of the regional

banks which make up the CIC

group are concerned that a sale

could jeopardise their future,

and lead to substantial loss of

Some executives at CIC are

believed to be sympathetic to

the idea of a mutualisation,

although top managers at

GAN, which will help deter-

mine the process, believe the approach would not bring in sufficient funds to help with the insurer's recapitalisation.

Mr Jean Weber, chairman of

Crédit Industriel d'Alsace et

Lorraine, CIC's largest subsidiary, has already criticised the

idea of a sell-off to another

bank and stressed the impor-

tance of retaining banks linked

closely to their regions.

local decision-making power.

expressed interest in CIC.

of this year.

increase in operating profits and pre-tax profits of between 10 per cent and 15 per cent compared with 1995. Healthcare sales increased 6

per cent to DKr2.51bn, and sales of diabetics care products, including insulin, of which Novo Nordisk claims to be the world leader, increased 10 per cent to DKr1.76bn, including an 18 per cent surge in sales in the US, partly owing to increased sales before a preannounced price increase. Last week Novo Nordisk

announced a global strategic alliance with Rhone-Poulenc Rorer to market hormone replacement products world wide, except Japan.

de Crédit

sees profit

for 1996

Krupp promises Marseillaise dividend for year

18.39

DKr 42

The chairman of Société Marseillaise de Crédit, the loss-making state-owned bank, predicted yesterday that his group should return to profit

during the current year. Mr Pierre Habih-Deloncle, who was appointed as the new chairman by the government at the end of last year, said in an interview that "catastropha aside", he planned that the bank would generate net income of FFr30m (\$5.8m) for

The return to the black would follow two years of heavy losses at the bank, which has forced the French state to provide FFr3bn in refinancing in the run-np to planned privatisation.

Mr Habib-Deloncle said the

latest injection - FFr858m agreed by the state this week was designed "sincerely" as the final rescue before a sell-off, and bad been triggered by unexpected additional provisions against bad

loans and hefore restructuring.
However, he said the new capital injection took the bank only marginally above the minimum international solvency ratio of 8 per cent, below which financial institutions are not permitted to operate.

He warned that he was likely to seek additional job losses as part of an operation to reduce costs before preparations began for a sell-off, which he said would come at the latest hy the end of this

The chairman has previously stressed his preference to sell the bank to a variety of investors, but he said yester-day there was likely to be one bnyer with a controlling stake of at least 51 per cent. Mr Habih-Deloncle said

there had been discussions with a number of potential purchasers in France and elsewhere in Europe. Marselliaise de Crédit on

Tuesday unvelled losses for 1995 of FFr857m, on top of losses in 1994 of FFr1.25bn.

last month, but said that on

By Michael Lindemann in Bonn

Krupp, the German steel and engineering conglomerate which reported record net profits of DM505m (\$328.6m) last year and paid its first dividend as a joint stock company, yesterday said it had reason to be "cautiously optimistic" about 1996 and would once again pay a dividend

Mr Gerhard Cromme, chief executive, said a 1996 dividend would depend on a combination of factors: what was right for shareholders; what was necessary for the future of the group; and to what extent money needed to be spent to deal with "burdens" incurred during recent loss-making

"We on the management board feel a considerable duty to pay a dividend," he said. Mr Cromme added, however, that several shareholders he had spoken to preferred to see the Krupp share price rise "instead of getting the odd D-Mark or so

more" as a dividend.

The Essen-based group declined to give figures for the first four months at its annual results press conference, having issued first-quarter figures and May, both orders and sales would be higher than last year. All six divisions would make operating profits, Mr Cromme

However, the steel division, which contributed almost half of Krupp's pre-tax profits last year, would have a more difficult year, Mr Cromma said. The fall in prices for quality steels, which make up 19 per cent of Krupp's overall turnover, had been stemmed, and "now that quantitles have improved we are confident that the prices will pick up too." Mr Cromme indicated there

would be further changes at Krupp, especially in its trading and services division. "There is a certain need to make some changes here and that is something we will do," he said. Krupp also said it was still in

"intensive" talks with a numher of companies about the future of the construction and mining machinery husinesses of O&K Orenstein & Koppel, whose sale was announced in December. Mr Cromme said he hoped to be able to announce an outcome in the "next few

By Peter Wise in Lisbon

Sonae, Portugal's biggest conglomerate. yesterday announced a demerger aimed at focusing more effectively on the group's core retail and

industrial operations. A new company is to be split off from Sonae Investimentos, the group's main holding company, and listed on the Lisbon stock exchange from the begin-ning of 1997. Shares in Sonae Investimen-

tos gained almost 2 per cent yesterday, closing at Es3,714 as investors welcomed the move to separate the group's main business divisions.

"Investors, particularly international institutions, have been pressing for this split for more than two years," one Lisbon analyst said yesterday. trends for Songe's operations. Sonae Investimentos will

Sonae to separate divisions

concentrate on the group's hypermarket and supermarket chains - which account for about 40 per ceot of the Portuguese market - by retaining a 100 per cent holding in Sonae Distribuição.

it will also manage the group's commercial real estate interests through a 100 per cent stake in Sonae Imobili-aria, which is marketing one of Enrope's biggest shopping

The oew company will take over Sonae Investmentos's 63 per cent holding in Sonaa per cent holding in sonas Indústria, the group's lami-nsted wood products division. It will also assume a 100 per cent stake in Pargeste, a hold-lng company for interests

"The demerger will make it including newspapers, hotels much easier to track earnings and information technology. Sonae said a further split was planned over the medium term to increase specialisation.

"This is our response to the increasingly tough competition we are facing from more focused. non conglomerate companies as we grow rapidly across a wide range of different markets and sectors." Sonae said.

Shareholders in Sonae Investimentos are to receive shares in the new company in the same proportion as their current holdings, leaving the existing shareholder structure of the group unchanged.

Figest, the personal holding company of Mr Belmiro de Azevedo. Sonae chairman and maln shareholder, will continue to control 52.5 per cent of

Portuguese banks report strong increases

By Peter Wise

Portugal's top banks have posted strong profit gains for the first quarter, with several more than doubling their earn-ings, mainly as the result of selling fixed income securities. Some leading banks have made substantial sales from their large portfolios of government bonds in reaction to a

steady fall in interest rates, according to analysis. This has resulted in strong profit growth in relation to the first quarter of 1995. Banks that disposed of financial assets earlier are showing sig-nificantly lowar earnings

lmento, a group centred on Portugal's higgest investment bank, reported a 157 per cent increase in net consolidated profit for the first quarter to Es4.5bn (\$28.5m) from Es1.8bn in the first three months of

Banco Portugues de Invest-

BPI posted a Es4.4bn profit on financial operations, compared with a loss of Es600m in the first quarter of last year. Assets rose 11 per cent to Es1,417bn. Credit to customers increased by 18 per cent to Es435m; total deposits grew 5

per cent to Es939m. Banco Pinto & Sotto Mayor, the parent bank for Portugal's third largest financial group,

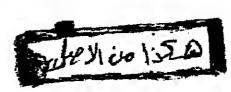
said non-consolidated profit climbed to Es4.5hn in the first quarter, up 194 per cent on the same period last year. However, net consolidated

profit was only Esl.1bn. owing mainly to the goodwill and financial costs of BPSM's Es153bn acquisition of Banco Totta e Açores in April 1995. Because of this purchase, BPSM's consolidated results for the first quarter are not directly comparable with the same period last year. Banco Fomento e Exterior.

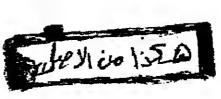
the fifth-largest bank, reported a net profit of Es5.2hn, an increase of 79.3 per cent on the first three months of 1995. Cash flow rose 22 per cent to

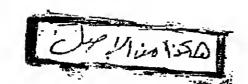
Es6.4bn and total assets rose 7.3 per cent to Es870bn. Banco Espírito Santo, the fourth biggest group, achieved an increase of only 5.8 per cent in net consolidated profit, from Es4-52hn in the first quarter of 1995 to Es4.78bn. Analysts sold BES had sold fixed-income securities in 1995, earlier than most other banks, leaving it with less to sell as interest rates fell during the first quar-

Total assets rosa from Es2,402hn in the first three months of 1995 to Es2.849n and credit to customers grew from Es899hn to Es1,228hn. BES's non-consolidated profit rose from Es4.3bn to Es4.4bn.



Goldman Sachs





COMPANIES AND FINANCE: ASIA-PACIFIC / INTERNATIONAL

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Chiefs step down at Nippon Credit

Nippon Credit Bank yesterday became the latest Japanese lender to lose senior management personnel in an attempt to atone for the disastrous financial performance of the past few years. The bank announced that Mr Seishi Matsuoka. years. The bank announced that but betsut blatsubal, chairman, and Mr Yoshiaki Toda, vice-chairman, were stepping down. Mr Hiroshi Kubota, current NCB president, would be moved to the chairmanship.

NCB, one of the country's three long-term credit banks, is

estimated to have incurred an unconsolidated pre-tax loss of about Y130bn (\$1.22bn) in the year to the end of March, as a result of large write-offs of non-performing loans, including those to the country's bankrupt housing loan companies. The bank joins Fuji, Industrial Bank of Japan and Mitsui Trust in dropping senior figures in the past month. Several other banks are likely to follow suit before or after their annual shareholders' meetings next month. Gerard Baker, Tokyo

Telecom NZ advances 15%

Telecom New Zealand increased its earnings by 15.6 per cent to NZ\$716.8m (US\$493.7m) in the year to March 31, belped by strong growth in business telephone revenues. Revenues for the company.— which is controlled by Bell Atlantic and Ameritech, two US phone companies - rose 12.2 per cent to NZ\$3.18bn. Mr Peter Shirtcliffe, chairman, said robust growth was achieved in most sectors. Call volumes rose strongly. especially in the business area where competition was most

Telecom cut international call rates, stimulating volume growth by 19.6 per cent and leading to a 2.4 per cent gain in income. In the local service market, revenues grew by 5.4 per cent to NZ\$42.5m. Revenue from cellular and other mobile services advanced 37.1 per cent to NZ\$84.8m due to a strong rise in connections. Earnings from enhanced network services, such as 0800 lines, grew by 37.2 per cent to NZ\$57.1m.

Revenues from Pacific Star Group, the Australian subsidiary, and facilities management rose by 78.4 per cent to NZ\$262.2m as a result of the growing use of its systems by state governments and leading business customers. Telecom's total operating expenses increased 11 per cent to NZ\$2bn due to costs associated with business growth, especially in Australia. The company declared a final dividend of 9.5 cents a share, making 35 cents for the year. Mr Roderick Deane, chief executive, said the company was considering a share Terry Hall, Wellington

Nampak ahead despite sales slip

Nampak, the South African paper and packaging group, reported a 17 per cent increase in attributable earnings to R263.6m (\$81.73m) for the six months to March, from R225.8m a year ago, despite a sharp fall in sales during the second quarter. Earnings per share rose 16 per cent to 51,9 cents a share. The dividend was 13,7 cents, against 12 cents.

Mr Brian Connellan, chairman, described the results as "satisfactory", but warned that earnings growth for the year would not improve in the second half without an improvement in demand. Turnover increased 17 per cent to R3.4bn, Volumes increased by 13 per cent during the buoyant first quarter, but this trend had reversed in the second quarter resulting in overall growth of 3 per cent for the period.

Mark Ashurst, Johannesburg

This announcement appears as a matter of record only

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a landmark

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(R.E.V.S.)

Setback seen for Teva MS drug

Teva Pharmaceutical Industries, Israel'a biggest pharmacenticals company, will not get US Food and Drug Administration approval for its multiple sclerosis treatment Copaxone during the next quarter, NatWest Securities said yesterday. One day after Teva said the FDA would make a final decision on the drug in the next quarter, NatWest said that Copaxone was not scheduled on the next FDA advisory panel meeting in June, and a decision would probably be delayed until September.

Analysts forecast that FDA approval of Copaxone will significantly boost Teva's sales, which reached \$667.6m in 1995 The company reported first-quarter net income increase of 18 per cent to \$22.3m from \$18.9m last year. But Mr Dan Suesskind. Teva chief financial officer, said results were "a bit weak" due to seasonal factors and increased competition in the US generic pharmaceuticals market.

First-quarter sales rose 24 per cent to \$189.3m from \$152.7m last year. Results included sales from recent Teva acquisitions Biogal Pharmaceutical Works of Hungary and ICI SpA, an Italian bulk pharmaceutical manufacturer. In the coming quarter, Teva hopes to boost sales by acquiring Biocraft Laboratories of the US. Biocraft shareholders will vote on the Avi Machlis, Jerusalem

Top Thai banks hit by slowing economy

By Ted Bardacke in Bangkok

Thailand's five largest banks, squeezed by a slowing economy and a singgisb stock market, yesterday reported first-quarter profit growth well below analysts' expectations.

Bangkok Bank reported first-quarter net profit of Bt5.05hn (\$199m), up 11.6 per cent compared with the same period a year ago. Krung Thai Bank recorded first-quarter net profits of Bt3.28bn, np 17 per cent over last year, and Thai Farmers Bank first-quar-ter net profit of Bi3bn, ahead 12 per cent from the same period last year.

Siam Commercial Bank posted first quarter net profit of Bt2.04bn, o 16 per cent increase, while Bank of Ayu-dhya came in at Bt1.14bn, up just 2.1 per cent

These five banks account for nearly 70 per cent of the total assets of the Thai banking

"This is pretty mediocre, all under forecast," said Mr Scott Christensen, banking analyst with Jardine Fleming Than-akom Securities. "Deposit growth is robust but loan growth is not keeping pace." Bangkok Bank, for example,

saw loam growth in the first quarter of only 10 per cent, against the same period last year, while deposits grew by 21 per cent.

Siam Commercial Bank was the only exception, reporting 26 per cent growth in both lending and deposits.

Loan growth has fallen as the growth rate of the Thai economy bas been slowing since the beginning of the year, the result of an antiinflationary policy of high interest rates imposed by the Bank of Thailand, the country's central bank.

In addition, a directionless stock market has been prompting investors to place their money in bank deposits, taking advantage of high rates.

Banks have also been told by the central bank to keep loan growth under 21 per cent for the year, maintain a loanto-deposit ratio of less than 112 per cent and not to dip into their capital base for lend-Bankers also say that many

of the bine-chip companies that are unaffected by the economic slowdown bave taken to borrowing directly overseas, benefiting from lower lending rates and a stable currency.

"We are likely to see the same story in the next quarter, until lending rates start falling," said Mr Christensen at Jardine Fleming. Forecasts for the sector would soon be revised downward from the consensus of 17 per cent, he

April 1996

Black consumer demand lifts African Life

By Mark Ashurst in Johannesburg

African Life, the insurance group that contributes more than 70 per cent of the earn-ings of Real Africa Invest-ments, South Africa's second largest black-controlled conglomerate, posted a 52 per cent increase in recurring premium ncome to R308.2m (\$71.3m) for

the year ended March 31. Analysts applauded African Life's strong performance, past practice, a capitalisation which they said reflected sharply increased demand divideod.

vidual life insurance, which comprised R255m of recurring premium income. About 90 per cent of the com-pany's individual policyholders

from black consumers for indi-

are black.
Earnings per share rose 25 per cent to 42 cents from 33.6 cents. A dividend of 16.8 cents a share was declared, lifting the final dividend for the year to 28 cents, compared with 21 cents last time. In line with

Total premium income, which includes non-recurring policies, increased 79 per cent to R527.5m, up from R295.2m. Total assets increased 98 per cent to R1.1bn from R554.3m. exceeding R1bn for the first time, and investment income

rose 93 per cent to R61.4m. Mr Don Ncube, chairman of African Life and Real Africa Investments, said the strong performance reflected a sense of racial solidarity in the company's core market during the three years it had been under

Mr Bill Jack, chief executive, said the results were the first fruits of economic gains among the black population: "There are more people who are enter-ing into circumstances where they feel a need for protec-

The cost of sales bad increased by 35 per cent to R94.6m while other expenses rose by 17 per cent to R56.7m. against R48.5m.
This included a 15 per cent

reduction in commission-The company had acquired a ing internationally.

R40m injection of new capital from the International Finance Corporation, the private sector arm of the World Bank, in July and raised a further R126m from a rights issue at the close of fiscal 1995. African Life also moved into

new sectors of fund management and property davelopment during the period, and had made cross-border acquisinons in Botswana and Lesotho as the first sten in its strategy to become a broadly based

SA Breweries pays more after 29% earnings gain

By Mark Ashurst

South African Breweries, the country's largest industrial conglomerate, posted a 29 per cent increase in attributable earnings to R1.7hn (\$393.2m) for the year to March, com-pared with R1.3bn previously. After accounting for the con-

version of series A preference shares and recent capitalisation awards, earnings per share rose 22 per cent to 566

by 25 per cent, from 200 cents to 250 cents. Turnover increased by 17 per cent to R32.6bn.

Mr Meyer Kahn, executive sumption during 1995.

Earnings from the domesno beer division, where SAB has a virtual monopoly, increased by ents a share from 465.1 cents. 24 per cent, from R806m to Higher interest rates bad increased by a quarter to A final dividend of 193 ceots R1bn. But this was outperpushed up financing costs, but R2.9bn. Retained cash, together

a share was declared, boosting formed by growth of 31 per the total dividend for the year cent in attributable earnings from international beer interests - in Hungary, China and Tanzania - to R172m, from

Non-beer interests, which chairman, said the results include clothing retailer reflected growth of more than 4 per cent in real private coo. Southern Sun botel group, posted a 39 per cent rise in attributable earnings to R488m.

which included a 60 per ceot increase from Southern Sun.

this was offset by a lower effective tax rate and improved performance from associates. Increased productivity and lower costs boosted trading profit by 18 per cent.

Overall gearing, defined as the ratio of net interest-bearing debt to total sharebolders funds, fell from 55 per cent to 39 per cent, as net equity per ordinary share increased by 16 per cent to R18.81.

Cash flow from operations increased by a quarter to talisation share awards, funded the group's R2.2bn expansion programme, the largest in its

Mr Meyer expected a further increase in earnings and dividends in the second half if there were no significant drop in consumer demand. JCl, the South African min-

ing and investment company. bas acquired a 12 per cent stake in Australia's Kimberley Diamond Co for A\$1.1m (US\$870,000).

Mayne Nickless warns on after-tax result

By Nikki Tait in Sydney

Mayne Nickless, the Melbourne-based transportation, security and healthcare group, is the latest Australian company to warn of lowerthan-expected profits.
In the past week, industrial

companies like Pacific Dunlop, Southcorp and Burns Philp have predicted reduced profits. John Fairfax, the country's

leading newspaper publisher, delivered a sharp fall in thirdquarter profits, and forecast a 20-25 per cent reduction for the full year.

expected earnings before interest and tax in the 12 months to the end of June to be "in line with last year's results". Last year. Mayne recorded an aftertax profit of A\$79.2m (US\$62.6m), after a net abnormal charge of A\$47.8m.

Bnt it said that after-tax profit before abnormals would be lower than that previously. due to the company's increased investment in Optus Communi-Mayne said yesterday it cations; the fact it was no longer capitalising interest on its Optus investment; and the acquisition of Australian Medical Enterprises.

The sale of the UK armoured car unit, meanwhile, would result in "substantial abnormal

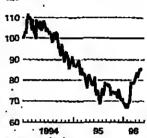
Mayne added that its transport operation was being hit by the "difficult trading environment in Australia" and that it faced "continuing problems" at lts Benelux Logistics division,

in particular at the Temse facility in Belgium. By contrast, the remaining European and North American activities were performing well, as were the bealthcare and the Armaguard units in

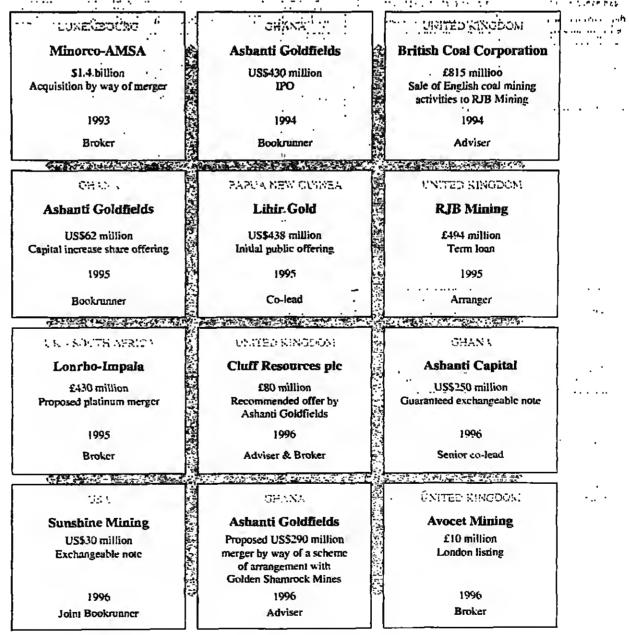
Australia.

Mayne Nickless

Share price relative to the All Ordinaries Index



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The state of the s

With two US investors building stakes, the carrier could be back in play, reports Richard Tomkins

t is barely six months since USAir, the US carrier part-owned by British Airways, entered takeover talks with the much larger United Airlines and American Airlines. In the end, the talks came to nothing. But could USAir now be back

At tha end of last month, Mr George Soros, the noted US hedge fund manager, disclosed in a Securities and Exchange Commission filing that he had built up a stake of 5 per cent in USAir's serias B preferred stock, which converts to ordinary shares at the holder'a option. The world did not stand still on the news: on conversion, the stake would give Mr Soros less than 1 per cent

of USAir's common stock.

However, it bas sinca amerged that another hedge fund manager, Mr Julian Robertson, has been building up a much bigger position. Mr Robertson, whose Tiger Management vehicle runs one of the largest hedge funds in the US, disclosed in an SEC filing that he had bought 6.9m of USAir's ordinary shares, equivalent to 11 per cent of the out-

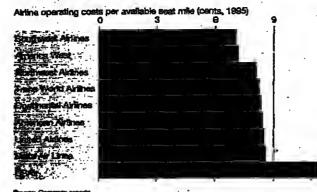
Meanwhile, Mr Warren Butfett, one of the world's most had offered USAir the chance to bny back his series A pre-ferred stock, convertible to about 10 per cent of USAir's equity. If USAir declines to buy it, Mr Buffett will seek another

buyer. Mr Buffett told shareholders at the annual meeting of Berk-shire Hathaway, his investment vehicle, that he wished he had never bought into USAir - memorably adding that he would have been a lot better off if he had "gone to a bar that night instead". USAir's costs were out of lina with the rest of the industry's.

Mr Buffett was right. Having failed to win the same labour saving agreements that other US airlines have secured, USAir has the highest costs of any large US airline. Operating costs last year were 11.4 cents for every seat flown one mile -35 per cent higher than the average for tha nine largest

This was the main reason why UAL and AMR, parent companies of United Airlines and American Airlines, respectively, backed off from a takeover of USAir last year. They decided that trying to meld such an inefficient organisainfluential investors, said he tion with leaner enterprises

The trouble with USAir



more trouble than it was In January, however, USAir brought in Mr Stephen Wolf as chairman and chief executive. Mr Wolf has a reputation for resurrecting troubled airlines, often prior to a sale: Republic Airlines Went to Northwest Airlines in 1986. Tiger International (parent of the Flying

Tiger cargo carrier) went to Federal Express in 1989, and United Airlines went to an employee buy-out in 1994. Mr Wolf has recently been

such as their own would be that, with low-cost carriers like Southwest Airlines and Valu-Jet muscling in on lts routes, USAir has little future unless it can lower its costs, lift productivity, improve service quality, and grow.

USAir needs to grow because its existing route structure, largely comprising short-haul routes on the east coast, is vulnerable to low-cost competition. Mr Wolf says the options for expansion include internal growth, acquiring another airline, being acquired by another airline, or entering some form warning USAir's employees of partnership.

The hedge fund managers decline to say why they have taken positions in USAir's stock. But Wall Street analysis say investor interest is driven by a belief that Mr Wolf will get the airline into a sufficient state of health to make it a

takeover candidate. "My guess is that he will fix it up over the next two years and sell it, maybe to UAL," says Mr Raymond Neidl, an analyst at Furman Selz. "UAL are still interested, but they can't justify buying it until the problems have been fixed. "I don't think investors are

in it for a quick fitp. I think they are looking for a 12 to 24-month situation, It's like a big ship: you can't turn it round on a dime."

The downside risk is that
USAir will neither be put in

play nor restructured. Then the risk is that you go into some kind of recession in which USAir, with its very high cost structure, suffers disproportionately to the rest of the industry and incurs

steep losses," says an analyst who asked not to be identified. Apparently, this is a thought that haunts Mr Buffett more than it does the hedge fund managers. Ona worry that underpins it is an agreement that gives USAir's pilots, the most expensive part of the workforce, protection from job losses until July 1997, leaving Mr Wolf short on bargaining clout in the meantime.

Still, Mr Buffett is prepared to admit he may be wrong. In his latest annual report, he tells Berkshire Hathaway's shareholders that "your guess is as good as mine" as to USAir's ultimate value.
"Indeed," he added, "consid-

ering my record with this investment, it's fair to say your guess may be hetter than

NEWS DIGEST

Callan Associates forms UK alliance

Bacon & Woodrow, one of the UK's largest actuarial consulting firms, is to form an alliance with its largest US counterpart in a move which recognises the growing

internationalisation of pension fund investment.

The alliance is with Callan Associates, the largest actuarial consultancy in tha US. Together the two firms will be advising nearly 700 clients with an aggregate of \$500bm in assets under management. The move follows tha recent merger of R. Watson and Co of the UK and Wyatt Co into an international investment consulting practice.

US pension schemes have in recent years sharply increased their investment in non-domestic assets, particularly in equities. That trend has raised demand for advisory services on manager selection in foreign markets and in asset allocation between various markets.

Meanwhile, UK pension schemes are increasingly adopting some of the approaches of US schemes towards so-called specialist managers, while fund managers are adopting the quantitative techniques for asset allocation and stock election used by their American counterparts.

Bacon and Woodrow is part of Woodrow Milliman, the international network that operates out of 22 countries. Under the agreement currently under discussion, the two firms will retain their independence and will market their services under their own names. However, they will have access to each other's databases and local market knowledge. Both firms plan significant investment in information technology so that they can integrate their data more easily.

Magna in German acquisition

Magna, the Canadian-based producer of car parts, is expanding further in Europe by buying Germany's Pebra Paul Braun for C\$31m (US\$22.7m) cash.

Pebra, now in receivership, makes body components. Magna will put \$250m of business into Pebra in 1997, based on orders from five leading European carmakers. Pebra plants in Canada, Brazil and France are excluded from the deal. In March, Magna bought the parts business of Marley, of the UK, for \$100m. It plans to acquire a European seat manufacturer later this year. Robert Gibbens, Montreal

Grupo CB plans stock sale

Grupo CB, the holding company for Cruz Blanca and other Chilean insurance, real estate and financial interests, plans a \$90m capital increase through a stock sale. The company has retained Bankers Trust to carry out the sale, through a capital increase, of a minority percentage of CB Prevision y Capitales. This unit includes Cruz Blanca's health and life insurance units, as well as financial company CB Capitales a Inversione and private pension interests in Argentina, Peru, Colombia

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Funds raised will help finance the company's expansion . plans in Chile and elsewhere in South America. Grupo CB reported net profits of 11.02bn pesos (\$27.4m) in 1995, up from 9.66bn pesos in 1994. Its operating results rose to 10.04bn pesos last year from 3.48bn pesos in 1994, the company reported in February.

Peak profits for Campbell Soup

Campbell Soup reported record third-quarter earnings and said it was on track for another successful year. The US company, whose products include soups, Pepperidge Farm and Amotts takery goods as well as Godiva chocolates, reported earnings of \$145m, or 58 cents a share, against \$127m, or 51 cents a year earlier. Sales rose to \$1.83bn from \$1.74bn last year.

"We are on track for another winning year," said Mr David Johnson, president and chief executive officer. "Soup sales were again up strongly in both the US and internationally. Double-digit gains in sales and earnings by Pace Mexican Sauces marked the first anniversary of our acquisition of this great brand leader."

US sales for the quarter rose 8 per cent to \$1.1hn from \$1.02bn last year, while operating margins jumped 19 per cent to \$204m.

The international grocery division reported sales of \$359m, up from \$342m, but its operating earnings fell 15 per cent to \$27m because of the sale of Campbell's frozen vegetable

Vitro hit by Anchor Glass charge ticipate in Grupo Financiero Serfin, which this week downsizing of Anchor Glass.

B shares, equivalent to one- and in turn was the main

By Daniel Dombey

Vitro. Mexico's largest manufacturer of glass, announced a fall in sales for the first quarter of 1996. The downturn was caused by a lower level of activity by the company's troubled US subsidiary, Anchor Glass Container, and the effect on exports of a significant appreciation of the

The company released results late hecause of the restructuring of Grupo Financiero Serfin, in which it holds

By Maggie Urry In New York

Berkshire Hathaway, the

insurance and investment

group headed by Mr Warren

Buffett, yesterday reported a

sharp rise in first-quarter earn-

ings. However, the company,

The group's A shares fell

\$500 to \$34,700 in morning trad-

announced a sale to the government of 20hn pesos in poor quality loans and a 10bn peso capitalisation programme, declared a net loss for the quarter following further pastdue loan provisions that anticipate tougher accounting rules early next year.

For the first quarter, Vitro registered sales of 5.2bn pesos (\$686m), an 8.7 per cent fall on the same period in 1995.

Though exports were up 11 per cent at \$136m, the increase was not great enough to offset

the continuing weakness of the

thirtieth of an A share, fell \$20

However, the shares have

First-quarter earnings were

whose chairman is known for plain-speaking, said the figures were "meaningless in evaluating the company or charting its progress".

heavily distorted by the gain the hooks. However, under accounting rules, the gain is taken through the profit and loss account only when it is realised.

shares. A realised gain of

\$1.5bn after tax in the quarter

been firm since the issue of

B shares last week was priced

to \$1,160.

ing, while the newly-issued largely reflected that takeover,

Operating profits dropped 51.3 per cent to 436m pesos, a fall the company mostly attributed to a restructuring charge at Anchor Glass and the strong However, the effect of the

peso revaluation pushed net profits up to 373m pesos, compared with a loss of 479m pesos for the first quarter of 1995. The company, which has one of the highest levels of peso

debt in Mexico, said it was committed to maintaining its debt-to-equity ratio within cur-Though Vitro is likely to par-

cause of a rise in net income

from \$139m to \$1.67bn. Berkshire's balance sheet

had already taken account of the rise in value of the Capital

Cities stake, since investments

The figures were also

affected by Berkshire's pur-

are carried at market value in

in the financial group.

Grupo Financiero Serfin, which operates Mexico's thirdlargest bank - recently placed under new management -announced a loss of 1.26bn pesos for the quarter, compared with a profit of 208m

Serfin's recapitalisation pro-

gramme, the company aaid

that it would dilute its holding

pesos for the same period in The company is entering into its aecond capitalisation programme in 11 months, committing itself to an injection of

Buffett group ahead in first quarter

which it did not already own at the start of the quarter. As a result, the 1995 first-quarter figures were restated to include Geico as an associate rather than an investment. Earnings from operations increased from a restated \$144m to \$160m.

Earnings per share from operations increased from \$122 to \$134, while earnings including the investment gain were ahead from \$118 to \$1,398 per chase of the 49 per cent of share.

American Express expands services

By Richard Waters

American Express continued its push in to new, faster-growing parts of the financial services business yesterday with the announcement of a range of investment, cash management, savings and insur-

ance products.

The move will take the company into the provision of lowcost investment services, a business dominated by names like Charles Schwah and Merrill Lynch. It also serves as another sign of a new approach at American Express, aimed at developing and extending its

The group said it had created a division. American Express Financial Direct, to sell low-cost products to individuals who do not need a financial adviser. It already has one of the country's biggest financial advisers' groups, which recently gave up its name, IDS

its title. The new unit will sell "no-load" mutual funds, a fastgrowing part of the funds industry where investors do

not face the usual "load", or up-front fee, that comes with investing. It will also offer discount stockbroking, a money market account on which customers can draw cheques, and annuity products. American Express has previ-

ously limited its brand to products created in-house, with its traditional charge card as the core. In an attempt to put itself back on a growth track that deserted it at the end of the 1980s, the company is now tying its name to a wider range of products and embracing alliances with other financial services providers - a move that would have been unthinkable under earlier managements. The new unit will sell a

range of mutual funds managed by three other companies, as well as those managed by the former IDS.

The creation of Pinancial Direct is an attempt to bridge the division between the established cards and financial advi-Financial Services, to adopt sory businesses, American the American Express brand in Express said. While investments will be managed by the financial advisory unit, its marketing will founded on the group's database of card

THE SOUTH AFRICAN BREWERIES LIMITED

ABRIDGED PRELIMINARY REPORT for the 101st year ended 31 March 1996

> Turnover Grows 17% to R32,6 billion

> > Cash value added Reaches R12 billion

Profit before taxation Rises to R3 billion

Attributable Earnings Increase 29% to R1,7 billion

> Earnings per share Up 22% to 566 cents

Dividends per share

Improve 25% to 250 cents Further real growth in earnings and dividends is achievable during the coming year

CAPITALISATION SHARE AWARD AND FINAL ORDINARY DIVIDEND

provided consumer demand does not weaken significantly.

The Board has declared a final ordinary dividend of 193 cents per share, on account of the year ended 31 March 1996. The dividend will be paid only to those ordinary shareholders registered on 31 May 1996 ("the record date") who elect, by 14h00 on 28 June 1996 to receive the cash dividend as an alternative to the automatic capitatisation award to shareholders. The award will be made in the ratio that 193 cents multiplied by 1,06 bears to the closing price of the Company's ordinary shares on 28 June 1996, averaged with the closing prices for the three prior trading days. The date of payment of tha dividend, posting of capitalisation award shares and listing of the new ordinary shares will

A circular containing full details of the capitalisation share award, together with an election form, will be posted to ordinary shareholders on 4 June 1996.

2 Jan Smuts Avenue Johannesburg 2001 Republic of South Africa

Copies of the Preliminary Report, which contains particulars of the dividend and capitalisation share award, will be posted to registered Shareholders and can be obtained from the London Secretaries JCI (London) Limited, S St James's Place, London SW1A 1NP.

This announcement appears as a matter of record only



THE EXPORT-IMPORT BANK OF JAPAN

(Incorporated under The Export-Import Bank of Japan Law)

FF 1,500,000,000

6^S/_S per cent. Guaranteed Bonds Due 2007 unconditionally and irrevocably guaranteed as to payment of principal and interest by

Japan

Issue Price: 99.384 per cent.

PARIBAS CAPITAL MARKETS

BANQUE IBJ (FRANCE) S.A. **BANQUE NATIONALE DE PARIS** COMPAGNIE FINANCIERE BZW CAISSE DES DEPOTS ET CONSIGNATIONS DEUTSCHE MORGAN GRENFELL (DEUTSCHE BANK FRANCE S.N.C.) MERRILL LYNCH FINANCE S.A. J.P. MORGAN & CIE S.A. SOCIETE GENERALE UBS FRANCE S.A.

> ABN AMRO HOARE GOVETT CREDIT AGRICOLE CREDIT COMMERCIAL DE FRANCE CS FIRST BOSTON DRESDNER BANK - KLEINWORT BENSON MORGAN STANLEY S.A. NOMURA INTERNATIONAL SEC WARBURG (FRANCE) S.A.

> > May 1996



NOTICE OF DIVIDEND FOR 1995 FINANCIAL YEAR

Notice to Shareholders is hereby given that, as approved by the Shareholders at the Annual General Meeting held on April 29, 1996, the dividend for the 1995 financial year will be in the amount of lire 500 before taxes withheld for each share (against the clipping of coupon no. 3), and will be payable as of May 20, 1996 at IMI's Offices in Rome, Viale dell'Arte, 25 or through the following banks and intermediaries:

Banca Commerciale Italiana, Credito Italiano, Banca Nazionale del Lavoro, Caripio, Istituto Bancario S. Paolo di Torino, Banca Monte dei Paschi di Siena, Banco di Napoli, Banca di Roma, Banca Cassa di Risparmio di Torino, Rolo Banca 1473, Banca Fideuram, Morgan Guaranty Trust Company of New York, Monte Titoli (for the shares administered by it).

FINANCIAL STATEMENTS 1995 The 1995 Financial Statements of IMI S.p.A. and the reports of the

Annual General Meeting of Sharebolders, as well as the Consolidated Financial Statements of the Group, will be deposited on May 28, 1996 at IMI's head office and at the Securities and Stock Exchange Council (CONSOB) in Milan for public consultation. Copies will be made available upon request. ISTITUTO MOBILIARE ITALIANO S.P.A.

Headquarters: Visile dell'Arte, 25 Rome, ITALY Pald-up Share Capital LT 3,000,000,000,000 Inscribed in the Compeny Register in Rome no. 10945/91 (Tribunal of Rome) - Inscribed in the Registry of Banks and Parent Company of the IMI Group - Inscribed in the Registry of Banking Groups - Tax Code no. 00448420588; VAT no. 00896201001.

J.P. Morgan & Co. incorporated US\$250,000,000 Subordinated floating rate notes due November 2002 In occordance with the provisions of the notes, notice is hereby given that for the interest period 16 May 1996 to 18 November 1996 the notes will carry an interest rate of

total carry an interest rate of 5.58203% per annum. Interest payable on the relevant interest payment data 18 November 1996 will amount to US\$144.20 per US\$5,000 note and US\$2,884.00 per US\$100,000

Agent: Morgan Guaranty Trust Company

JPMorgan

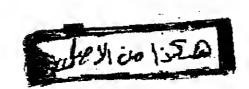
Notice is hereby given that the rate of interest for the period from May 14th, 1996 has been fixed at 6.425 per cent, per annum. The coupon amount due for this period is GBP 1,519.45 per denomination of GBP 100,000 and is psychole on the interest psyment date August 14th, 1996.

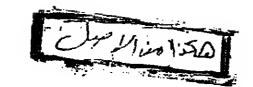
BANQUE NATIONALE

DE PARIS

Programme for the Issuence of Debt Instruments GBP 50,000,000

Floating to Fixed Rate Notes due 1996 Series 54 Tranche 1





COMPANIES AND FINANCE: UK

Williams expands with FFr1.38bn Sicli buy

Williams Holdings the diversified UK industrial group, yesterday announced its biggest acquisition in more than five years with the FFT1.38bn (\$260m1 takeover of the Sicli Group, France's largest fire protection and rescue

The UK group has agreed to pay FFr1.05bn cash for Sich's

fire exampuisher arm and PFr3:0m for Sides, the French company's fire and rescue vehicle subsidiary.

Mr Roger Carr, chief executive, said: "The acquisition of the Sich and Sides businesses provides a major step forward in the European expansion of our are protection business." ms aiready has 70 per cent of the US market for fire extinguishers and a 20 per cent

Yesterday's deal will give it commanding presence in France, it should also reduce Williams's dependence on 50 per cent of group turnover

for the first time. Mr Carr said there was scope from Nu-swift, the UK fire for cost-cutting at Sicli, where extinguisher manufacturer. he described the management Nevertheless, Williams said as disenchanted by the sale able. Last year, the fire extinprocess. Sicli's venture capital

guisher and detection subsid-lary - also called Sicli - made operating gains of FFr118m, haver for some time. Some Industry analysts claimed while Sides reported profits of those backers decided to sell because they were dissatisfied at Slcli's debt repayment FFr36m on combined sales of record following the FFr2bn leveraged buy-out six years ago Williams's shares closed up

7p at 329p after the group pre-dicted the deal would be earnings enhancing from the out-

Williams is funding the acquisition mostly through

return to

PowerGen, the electricity

generator, yesterday unveiled

a 40 per cent increase in divi-

dend and a £400m 1\$608m) buy-

back of 10 per cent of the com-

However, investors were still

announced a 26 per cent rise in

Although the shares rose ini-

tially, they ended the day 100

lower at 537p. Soma analysts

said the company should have

returned more cash to inves-

tors through a special divi-

However, Mr Ed Wallis, the

chief executive, signalled his

intention to return to the take-

over trail in spite of the gov-ernment's refusal to sanction

PowerGen's £1.9bn bid for Mid-

lands Electricity, the power

Mr Wallis cited the compa

ny's low gearing as providing a base from which to consider

These would be considered

where they enhanced earnings

per share over and above an

disappointed.
The company

pre-tax profits.

distributor,

he said.

future acquisitions.

By Simon Holberton

additional borrowing, which would lift gearing to more than 90 per cent on net debts of about £275m.

However, Mr Carr said yearend gearing could fall to less than 50 per cent following noncore disposals and strong cash generation. He confirmed that Williams was seeking a huyer for its electronics businesses. industry analysts suggested

Analysts cited independent

oil and gas producers as possi-

hle targets, although it is

understood PowerGen has not

Mr Wallis also said Power-

Gen would only proceed with the sale of 2,000MW of generat-

ing capacity to Eastern Group.

part of the Hanson conglomer-ate, after it had obtained clari-

fication about competition pol-

icy from the government and

Industry observers believe

PowerGen is likely sell the

plant to Eastern, the highest

PowerGen's pre-tax profits in the year to March 31 rose from

£545m to £687m. This was after

a 2 per cent rise in turnover

Profits were hoosted by a £121m write-back of previous

provisions, Excluding this

exceptional credit, profits were

np 4 per cent to £566m. In 1995

there were no exceptional cred-

The figures also included a

change in depreciation which

resulted in extra charges of

£57m. PowerGen will pay a

from £2.89hn to £2.93hn.

its or charges.

hidder.

Offer, the industry regulator.

ldentified candidates.

the disposal could raise £70m.

PowerGen will

takeover trail

LEX COMMENT PowerGen

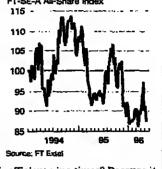
PowerGen's management one, Shareholders - nil. Thal may seem a grudging verdict produced a sparkling set of results, a 40 per cent divishare buy-back. But Power-Gen's new strategy still begs too many questions. The problem is that it is simply passing through the cash

from selling its stakes in Midlands Electricity and National Grid: the buy back is far too puny to get the company's balance-sheet into tauter shape. Why does

interest cover at an absurdly inefficient nine times? Because it wants a free rein to launch exciting acquisitions. Of course no-one will object if the company can pull off good deals. But it is extremely difficult to see where it will find them. Power-Gen talks wistfully of the next government letting it buy : regional electricity company after all, but this looks far fetched. In the UK, that leaves nothing big to which it could plausihly add much value. True, there are plenty of opportunities abroad - and so far, the generators seem not to have thrown money into black boles as the water companies have done. On the other hand, intense competition has driven

US competitors, it is overpaying by definition. The risk is that, facing pressure on its margins at home, the company will be panicked into boosting profits at any price. To avoid this, shareholders should press for a bigger chunk of cash. This would not only enhance earnings but also instil some discipline on a potentially extravagant management.

returns down: arguably, if PowerGen can outpid high-rolling



P&O sells Modern Terminals stake for HK\$768m

By Geoff Dyer

P&O has sold Its 5 per cent stake in Modern Terminals, a Hong Kong container terminals company, for ahout HK\$768m (\$100m).

The shipping, property and construction group 5aid It would use the funds from the sale of the shares back to MTL to invest in other container terminals, particularly in the south China area.

It also said the sale was part of a policy of reducing minor-Ity interests in operations where it does not have a man-

terminal in Hong Kong.

agement contract. MTL has a six-berth facility at the Kwai Chung container

The company's principal shareholder is Wharf Holdings, the Hong Kong property and infrastructure conglomer-

per cent stake in MTL hut has reduced its investment over the last five years, It said it had made a book profit of £3.6m on the transac-

At one stage P&O had a 23

The group is expected to give details at its annual meeting on Friday of some of the asset sales it has agreed so far this

At its results in March P&O sald that disposals worth £200m had been negotiated, £100m of which were property

Bank of Ireland rings in changes

By George Graham, Banking Correspondent

The state of the s

174. 194. 195. 195.

apbell St

Direct telephone banking around the clock arrives this month in Ireland when Bank of Ireland launches a new service. The bank, the second largest in Ireland and which yesterday announced a 14 per cent increase in profits before tax and exceptional items, has been selling insurance and

phone and runs a daytime telephone service centre. Bank of Ireland bopes its 24 hour service, Banking 365, will help increase its presence in Northern Ireland, where it commands only about 15 per cent of the hanking market. compared with a 40 per cent market share in the

Republic Allied Irish Banks, which aiready operates a telephone banking service, is expected to

extend its hours shortly. Bank of Ireland said pre-tax profits in the year to March 31 fell to 1£315.6m (£306m) compared with I£321.8m in

That figure, however, included a I£48.1m charge related to goodwill previously written off at First NH, the group's New Hampshire banking subsidiary, acquired as a

Allied Irish Banks will boost

lts stake in Wielkopolski Bank

Kredytowy, the Polish regional

bank, to 36.3 per cent after win-

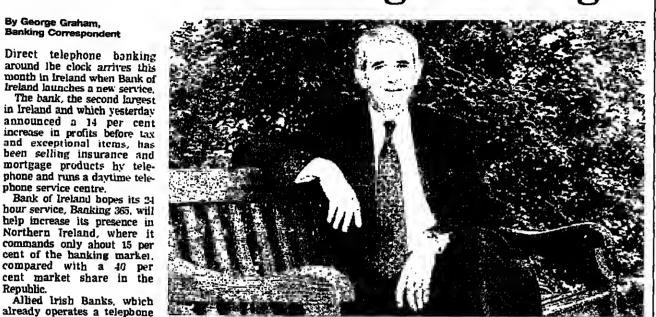
ning a tender to huy a 20 per cent holding from the Polish

government for 1£38m (\$59m). AIB paid 1£12.7m for its origi-

nal 16 per cent stake in WBK

when it underwrote an under-

By George Graham



result of its merger with Citizens Financial, a subsidiary of

Royal Bank of Scotland, Excluding exceptionals, earnings per share rose 18 per cent to 51.6p. The dividend goes up 22 per cent to 15.25p after a

The shares slipped 4p to

It has an option to acquire a

WBK is headquartered in

Poznan and has 49 full

hranches. Although London

bank analysts regard it as still

heavily overmanned, with

more than 4,000 employees, it

three years.

Bank of Ireland agreed last month to buy Bristol & West, the ninth largest UK building society, for £600m. That deal, however, is unlikely to be completed before

May 1997 and will not show up

group chief executive, said profits had fallen in only one division - Bank of Ireland Mortgages, the UK subsidiary which sells home loans through intermediaries.

"We have seen margin pres-

enhancement that would come from PowerGen huying back its own shares. "We are prepared to look at any sensibly sized acquisition,"

Analysts said that with investment in regional electricity companies ruled out for PowerGen, the company might attempt to deepen its involvement in the gas industry. It already has a £400m upstream

Section Section

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Service.

Mar W

final dividend of 14.5p which makes a total of 21p for the year - a rise of 40 per cent. Dividends will be covered 2.7

times by profits, while interest on borrowings will be covered eight times. PowerGen plans to conduct some of its proposed buy-back in the coming months. A portion of the programme will be deferred until after September. when all the company's share's

become fully paid and eligible

COMMERCIAL UNION

RESULTS - 3 MONTHS 1996

Pre-tax operating profit £83m

- Life profits increase 13% to £58m. New life premiums 15% higher.
- General insurance profits of £64m (1995 £97m) affected by an increase in weather claims of £35m in the United Kingdom and United States.
- Strong profit growth from the Netherlands, further good progress in France.
- Shareholders' funds £4,042m.

John Carter, Chief Executive, commenting on the results said: "The Group has made an encouraging start to the year, despite an increase in the cost of weather claims, demonstrating the strength of our worldwide

operations. Our extensive life businesses continued to perform well."

| | 3 months 1996 | 3 months 1995 |
|--|------------------|------------------|
| | Unaudited | Unaudited |
| Total premium income | £2,467m | £2,305m |
| Operating profit before taxation | £83m | £103m |
| Profit on ordinary activities before taxation (note) | £105m | £112m |
| Profit attributable to shareholders | £62m | £81m |
| Operating earnings per ordinary share | 7.2p | 10.6p |

Commercial Union plc, St. Helen's, 1 Undershaft, London EC3P 3DO Internet: http://www.commercial-union.co.uk/cu/3mthrst.htm

Maurice Keane: margin pressure in UK home loans business has been compensated for in volume

final of 10.25p.

in the accounts for another Mr Maurice Reane, deputy in volume," he said. AIB lifts stake in Polish bank

year hy 44 per cent to 200.7m

zlotys, according to interna-

further 23.9 per cent from the European Bank for Reconstructional accounting standards. tion and Development, starting Its total assets amount to next January and running for 4,15bn zlotys. The Polish state treasury still holds a 5 per cent stake. ABB's purchase price of 11.5 zlotys per share is equivalent to 6.4 times historic earnings. Mr Tom Mulcahy, AIB group

had been selected by the Polish finance ministry to huy the 20 per cent stake. "We fell that this decision is a significant recognition of AIB's contribution to date as a minority shareholder in WBK," he said.

AIB is already represented

helping the Polish bank with efforts to streamline its struc-

on WBK's board, and has been chief executive, said he was ture and d subscribed share issue in 1995. hoosted pre-tax profits last very pleased that his company products.

6 nutris to Mar 31 9.5 6 nutris to Mar 31 10.8 6 nutris to Feb 29 117 6 nutris to Mar 31 0.847 o mitis to Mar 31 0.847 (0.734 | 0.734 | 2.467 (2.305 (1) | 0.6 mitis to Mar 29 544.9 (361) 718.9 (545 | 0.745 (2.305 (1)) 718.9 (545) (361) (545) (2,885) (35,7) (4 52) 6 miles to Mar 31

Investment Trusts 0 023 Yr to Mar 31 * 142.9 (100.8) 0.236L (0.192.) Earnings shown basic, Ovidends shown net. Figures in brackets are for corresponding period, SUSM stock, AAther exceptional charge, WAlter exceptional charge, Walter exceptional credit. All shown net. Figures in brackets are for corresponding period, SUSM stock, AAther exceptional charge, Walter exceptional charge, Wa

NOTICE TO THE HOLDERS OF THE U.S. \$10,000,000

(the "Global Note") (lasted pursuant to an Agency Agreement dated as of January 16, 1986)
between Sociedad Comercial del Plata S.A. (the "Company") as Issuer and
The Bank of New York (the "Agent") as Issuing Agent, Principal Paying Agent,
and Registrar (the "Agency Agreement")

Global Registered Promissory Note

due November 12, 1996

The Bank of New York the "Agent" as issuing Agent, rinches and Registrar the "Agency Agreement":

SOCIEDAD COMERCIAL DEL PLATA S.A. has requested the registered holder of the Global Note, MGTB Nominees Limited (the "Holder", to provide, with respect to all owners of beneficial interests in the Bohal Note ("Damers"), such comer's name, legal domicile and, if a corporate person, place and registration number of incorporation: admero del Documento Noticould in Instituted (National Identification Document number) with respect to residents of Argentina; The Company makes such request in order to comply with Law No. 23,587, as unplemented, the "Registered in order to comply with Law No. 23,587, as unplemented, the "Registered in order to comply with Law No. 23,587, as unplemented, the "Registered Securities Law"). The information requested herein must be provided no later than May 22, 1996 (the "Compliance Date"). Owners provading the Holder with the information described above will receive or he credited with on the Compliance Date notes in a like principal amount and of identical manurity in definitive, non-endorsable form. In accordance with the terms of the Global Note, Owners who fail to provide the holder with such information on or before the Compliance Date, shall, on the Compliance Date, have their beneficial interests redeemed in whole and not inpart in the manner described below.

On the Compliance Date, and after is nance of definitive, non-endorsable notes to owners of beneficial interests who have elected to comply with the issues' request for information, the Holder shall be paid an amount equal to the theoremsuning principal amount of the Global Note minus the pro-rate pertaining to the manurity period for which the particular of the Global Note redeement pertaining to the manurity period for which the purition of the Global Note redeement aball to longer be outstanding due to its redemption prior to maturity and Additional Amounts, if any the "Redemption Price". Payment shall be nade by whe transfer

SOCIEDAD COMERICAL DEL PLATA S.A.

Compagnie Financière Ottomane SA Grand-Duché de Luxembourg

Dividend Notice

Distributions in respect of the year 1995 will be payable on 22 May 1996 as below. To holders of Ordinary shares A dividend of FRF 14,00 per share before tax.

To holders of Founders' shares A dividend of FRF 17,361 per share before tax.

Agreement has been reached with the relevant tax authorities whereby UK residen shareholders submitting current beaver share and Founders' share coupons numbers 123 and 6a respectively to the paying agents including full details of shareholders' name and address which, together with details of the dividend payment will be torwarded to the Inland Revenue, will suffer a deduction of Livernbourg withholding lax at the reduced rate of 15%. Together with a furthe 5% UK tax, the effective fair rate on current dividend payments will be 20%.

This opportunity will be available for all current coupon applications made up to 31 December 1946. Thereafter, all current and provious dividend payments will be subject to the fulf Luxembourg withholding tax of 25% and UK shareholders wishing to benefit under the UK/Luxembourg Double Tax Treaty must apply for provious and classes. The dividend pavable to registered ordinary shareholders will be in sterling at the exchange rate on 1 May 1996, when the shares were listed ex-dividend, of PRF 7.75

be paid in sterling at the exchange rate applicable on the day the coupons are cleared for payment

Holders of coupons 123 and meshould apply for dividend application forms to:

London BC2R7HT 15 May 1996

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USD 10,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE, SGA SOCIETE GENERALE ACCEPTANCE N.Y. AND SOCIETE GENERALE AUSTRALIA LIMITED

SERIE N°231/95-11, TR1 SGA SOCIETE GENERALE ACCEPTANCE N.V.
IPY 5,000,000,000 6 MONTH IPY LIBOR LINKED NOTES DUE 2000
[SKN CODE: XS0061312129 For the period May 15, 1996 to November 15, 1996 the new rate has been fixed at 1,25547 % P.A.

Next payment date : November 15, 1996 Coupon nr : 2 Coupon nr: 2 Amount: JPY 641685 for the denomination of JPY 100 000 000 The Principal Paying Agent
SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

Marian Control of the Control of the

18

medical imaging, many

by space research. Enthusiasts for space exploration have long argued that spin-offs

from space missions have transformed modern life. "The technology base that we stand on today

was in almost all respects acceler ated by the Apollo programme," according to Harrison Schmitt, for-

mer US senator and ex-astronaut.

Some industries, such as commu-nications, remote sensing and mete-

orology, continue to draw directly

and extensively from the space

industry. But the reletionship

between the space industry and ter-

The transfer of technology between space and terrestrial indus-

tries is no longer so much of e one-way affair. "Space is less and

less a pioneer that spins technology off for the ground," says Geoffrey

Hall, of Moreton Hall Associates, a

Budgets for space missions have been pared down, forcing space

agencies to be more flexible in soor-

cing technology. At the same time, they have been able to find relevant technology in terrestrial applica-

tions, as non-space technology has become more sophisticated. "There is software in children'a

electronic toys that could be used

directly in space," says Hall. He is

carrying out a study of the convergence between space and terrestrial technology for the European Space

Increasingly, the space industry is

using proven technology when it can stand up to the extreme temper-

atures and environment of space. It

is also jointly working on areas where the ambitions of space tech-nologists coincide with those of

other industries in areas such as

miniaturisation, data transfer, long-

lasting compact batteries and artifi-

An example of this two-way exchange of expertise is provided by

Aromascan, a Crewe-based manu-

facturer of artificial nose sensors. It

benefited from ESA support at the research phase, when it was design-

ing a sensor to go into space to monitor air quality on the Mir space

station. That has belped it produce

sensors for other tasks ranging

from coffee analysis to monitoring

Space may be less of a pacemaker

for innovative technology than it

used to be, but indirect spin-offs

from space technology have not

dried up completely. A survey com-

missioned by the UK Department of

Trade and Industry's National

Space Centre last year showed that

nearly a third of the companies

involved in UK space research had

been successful in finding second-

ary applications for the sensors,

Agency.

cial intelligence.

wound infections.

restrial technology is changing.

common technologies have been profoundly influenced

wanting to use the Radius programme. Oil companies have been the most keen to take part; pharma-

ceutical companies, with a few

exceptions, have shown little inter-

est. Willekens says he is uncon-cerned. "Our choice was to diffuse

information to companies that have

shown an immediate interest, which will then create a snowball

effect," he says.
The Spacelink Europe technology transfer programme is also building

np relatively slowly. So far, it has

achieved 21 technology transfers:

nine in software, five in new mate-rials, four in biomedical instrumen-

tation; two in biochemicals and the

environment and one in telecoms.

It would not be hard to find rea-

sons why space technology is not

easily transferred to terrestrial

applications. It is partly because the cost of devices produced for space are high, not least because of the

standards imposed by space agen-cies. A device that has been mann-

factured in very small quantities to

very high standards may need to be

redesigned to make it suitable for

mass production.

Another reason is ambivalence on

the part of space companies, accord-

ing to John Rootes, managing direc-

tor of JRA Aerospace & Technology, a technology broker that is part of the Spacelink Europe consortium.

Adapting technology for another

market is a distraction from the

Some space companies are pre

pared to examine non-space applica

tions themselves. Matra Marconi

Space, for example, has explored

cereal analysis, exhaust emission analysis and medical diagnosis as

applications for its passive micro-wave detector technology. But

many companies are reluctant to

That is why the Spacelink pro-

gramme aims to act as an interme-

diary between the originator of the

technology and a company that

could develop it commercially. Technology brokers such as JRA

promote promising technology via

the Internet and through cata-

Anne-Marie Hieronimus-Leuba.

director of commercialisation at

ESA, acknowledges that the trans-

fers achieved to date are modest.

The programme has so far cost

Ecusim and generated financial revenues from fees for brokers and

denors of Ecul.2m. But she points

out that transfers take a minimum

of three years to complete and a

further two to three years to reach

As the programme reaches matu-

rity, the benefits of space technol-

ogy will become more evident close

to home, she says. "I am sure that

within three years, we will have

full industrialisation.

company's core business.

divert resources.

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Worth Watching · Andrew Baxter

Painless way to view LCD

Trying to view a liquid-crystal display (LCD) from an acute angle can be e pain in the neck as one cranes to get a better view while the picture fades into invisibility. In a conventional LCD, the liquid crystal molecules are sandwiched between thin polymer surfaces that have been rubbed in one direction with a velvet cloth. This helps them change their orientation en masse in respons to an electric field, but also produces dust and limits the

viewing angle. New research by Martin Schadt and colleagues from Basle-based Rolic, reported in this week's Nature, has overcome both hstacles.

They have developed a rubbingless" alignment method in which the surface properties of the polymer films are modified by illumination with polarised ultraviolet light. This can be used to vary the alignment of the molecules within individual pixels, and to "tune" the angle of tilt between the long molecules and the polymer surface. Rolic: Switzerland, tel 616884584, fax 616881466.

Inferno called to the bar

British Steel has developed a new computer-based system which allows a furnaceman to "see inside" furnaces used to reheat billets for rerolling into high-quality bar.

Provisionally named Inferno, the system is a significant advance on previous monitoring and control methods, as it provides an on-line method of predicting reheating performance and regulates furnace conditions to achieve the desired results. The predictive information includes real-time furnace conditions and a model based on historical data. British Steel: UK, tel (0)1709 371234; fax (0)1709 826233.

Tiny lasers are used in

Blue-green lasers show test of time

compact-disc players and CD-Rom drives to detect digital information, and the amount of data that can be crammed on to a CD depends on the colour of the light used to retrieve it. Bine-green lasers can pack in at least twice as much information as the infra-red lasers in today's CD players, but until now the lasers bave been shortlived. Now experts from Sony's Yokohama research centre, writing in the Institution of Electrical Engineers' Electronics Letters, report that they have made a blue-green laser which operated at room temperature for more than 100 hours, 10 times longer than earlier lasers using the same materials. Contact David Dowle at IEE,

Under control with low-cost micro

e-mail ddowleigiee.org.uk

A low-cost micro control system. the size of a personal CD-player, has been developed by Siebe subsidiary Foxboro for handling virtually any control requiremen in factories and automated commercial buildings.

The "open modular controller" also serves as a communications module which links PLCs (programmable logic controllers) into information networks. This, says Siebe, will allow islands of automation in plants to be networked into an integrated information system. Foxboro: UK, tel (0)1293 526000; fox (0)1293 541312.

Metal wrap shed for nylon coating

Automotive cables, such as those used for the throttle or gear . linkages, are normally protected by a coating of polytetrafluoroethylene (PTFE) and an overwrap of closely wound steel. PTFE Fabricators, part of Glynwed's pipe systems division, has come up with e way to overcoat a PTFE extrasion with a thin layer of nylon, reducing the overall weight and the cost hy removing the need for the

expensive metal outer wrap. PTFE Fabricators: UK. tel (0)1462 438500; fax (0)1462 440042.

Randex Umited

("Randex")

Vanessa Houlder reports on the changing relationship between the space industry and terrestrial technology

Spin-offs in orbit



An AFA Technology cosmic radiation monitor in use on the shuttle. A version has been developed for co

materials, software and other technology developed in support of

Some 30 companies had found ways of using their technology for applications such as banking, offahore oil industry, surgery and number-plate recognition.

Some of these researchers are intent on translating spin-off tech-nologies into an independent business. For example, Tony Anson of the Brunel Institute for Bioengineering at Brunel University, has formed a business based on commercial applications for nickel titanium shape memory alloys which were developed to move optical mirrors for an automated blological laboratory in space.

These alloys, which can remain bent out of shape until they reach a certain temperature whereupon they "remember" their original geometry, have intriguing applica-tions in medicine. They can, for example, staple together broken bones or clear a blockage in an artery, by changing their shape when they reach blood temperature. The company, called Anson Medi-

cal, is in the process of raising £500,000 in anticipation of commer-cialising its products in the next few months. Its business plan anticipates a company valuation of £15m

within five years. Anson Medical received financial support and advice from ESA to develop these staples, as part of ESA's space commercialisation programme that started in 1991.

SA's space commercialisation programme has two strands.
One, called Spacelink, is designed to stimulate terrestrial use of this technology. "The economic benefits of space research can be secured only by encouraging industry to absorb the technical advances achieved and then recycling them in a wide range of productive appli-

cations," it says. Another is the Radius programme set up to exploit microgravity, the near-weightless environment when a spacecraft is in orbit. Its goal is to send experiments into space investigating topics such as protein crystallisation, purification using electrophoresis, catalysis using zeolite Even now, however, there is limited enthusiasm from companies

(a material based on aluminium silicate) and osteoporosis.

So far, two Radius projects have flown on the space shuttle; a third is due to fly on Sunday. One of the forthcoming experiments will take place next year when Elf Aquitaine plans to use microgravity to achieve a better understanding of thermodynamic modelling of oil reservoirs.

These experiments would be unlikely to be undertaken if compa nies had to bear the cost. ESA, which is contributing Eculm (£780,000) to the programme, has regotiated access to the shuttle. But the full costs of sending a load on the shuttle vary from \$50,000 to \$200,000 per kg, the typical Radius experiment is 50 kg.

Philippe Willekens of ESA's Commercialisation office hopes that the programme will be self-sustaining after a three-year trial phase, during which time companies contribute time but no money, and a threeyear pre-commercial phase when companies pay between 10 and 30 per cent of full costs.

multiplied the number of transfers by 20-plus and increased profits much more.

Gencor Limited

Gengold Limited

Bracken Mines

Limited

Kinross Mines Limited

Winkelhaak Mines Limited

(All companies are incorporated in the Republic of South Africa)

Cautionary announcement

On 16 January 1996 Gengold announced that application had been made to the Government Mining Engineer and the Commissioner for Inland Revenue for a single mining authorisation over most of the Evander Goldfield and the lifting of ringfencing between Klnross, Winkelhaak, Leslie and Bracken, together with certain edjacent mineral rights.

Shareholders are referred to the announcement on 16 January 1996 pertaining to the consolidation of the Evander mines. Kinross, Leslie, Winkelhaak and Bracken together with the mineral rights in the area held by Gencor and Randex.

Negotiations are nearing completion with the various parties to the transaction and shareholders in Klinross, Winkelhaak, Leslie, Bracken and Randex are advised to continue exercising caution in any dealing in shares in these companies until such time as further announcements are made.

16 May 1996

IMPORTANT NOTICE BANCO FRANCÉS DEL RÍO DE LA PLATA S.A.

("Bareo Francés") r immediate Action is required. If you have any doubt with respect to the contents of this notice, you should consult with your advisors.

Your immediate Action is required. If you have any doubt with respect to the contents of this notice, you should ecreatif with your advisors.

To Holders of Bearer Securities Representing US\$40,000,000 10.25% Clears A Negotiable Obligations Due Blarcit 4, 1998 Common Code: 4212395 ISIN Code: XS0042123553 Capitalized ferms used but not defined herein have the meenings assigned to them in the Fiscal Agency Agreement dated as of March 4, 1993 pursuant to which the above Securities have been issued.

EXCHANGE OF BEARER SECURITIES FOR INTERESTS IN A REGISTERED GLOBAL CERTIFICATE.

Law 24,557 (the Law), published in Agentine in the Official Gazette on November 22, 1995 (Lay de Novinatividad de los Titulos Valores Priedos), meles it mandator, as a malter of Agentine beauto pussuant to the Fiscal Agency Agreement to be converted to a non-endostable, registered bloom. The Law size allows book-entry securities for because, the Agentine size of the Decree 259/95 (the "Decree"), published in the Official Gazette, on March 20, 1995 (the Law and the Decree, "the Regulations"). Under Affale 13 of the Decree, dots traculties that have been registered with and authorized by the Agentine Consistent National de Valores ("CNV") under its publicationing regulations (such as the Securities) are deemed to be incompliance with the Regulation in land when represented under global or partial cartificable deposited under local or foreign clearing systems aproved by the CNV yiethic include the Cigin de Valores S.A. (the "Ceja"), the Argentine clouring systems aproved by the CNV yiethic include the Cigin de Valores S.A. (the "Ceja"), the Argentine clouring systems and which are expected to include Euroclear and Code Bank). The Regulations require field a custaming bearer ascurities of physic places passes (color the search with respective any bearer accurities) or partial or global certificates as alonesaid, ON OR BEFORE MAY 22, 1905. Under the Regulations, without timitation, receiving interest or principal phyments or effecting on rights Securities) including, without finitution, receiving interest, or principal payments or of ing any transfer, plodge or other lies with respect thereto. In addition, upon the explicit the May 22, 1996 deading, severe adverse economic consequences will result from the viola of the Regulations.

stations. The Board of Directors of Banco Francis, under Section 501 of the Fiscal Agenc ies and to avoid the material adverse consequences resulting from non-tions, it is in the best interest of the Holders and Banco Francis to prov deposited and registered with the common depositury for Euroclear and Code Bank or its notionale to be OW OR BEFORE MAY 22, 1996. Accordingly, Banco Francis the, Floral Agent and the Transite Agent have agreed to example the Fiscal Agency Agreement under Section 501 thereof in order to provide for the necessary amendments to such Agreement and its Terms and subscribe and deliver auch other documentation as may be necessary or convenient to situat the exchange.

EXCHANGE INSTRUCTIONS Except as provided in the following sentence, on May 22, 1996 each Beerer Security which is aid through an account holder in Eurodeer or Cedel Burit will be convented into and exchanged for in interest of an equal eggregate principal amount in the Registered Global Certificate to be held by to name of the common depositary for Euroclear and Cedel Bank or its nonvey are of a Bearer Security so held through an account holder in Euroclear or Ced

nt proton manuscent security or Securities are not presently held through an eccount holder society or Cedel Benk or held by the Caja should deliver such Bearer Security or Secusities, ar with all unmatured Couporn appertaining threats, to such an account holder or to the Caja failedy, in order to enable such account holder or the Caja to effect a conversion and exchange to Bearer Security or Securities for an interest of an equal aggregate principal emount in the greed Globel Certificate to be held by and registered in the name of the common depository waters and Certificate to be held by and registered in the name of the common depository waters and Certificate to be registered.

Registered Globel Certificate to be held or Eurocleer and Cedel Bank or its nom Spay and Cadal Benk or its nontines, lerthe Regulations, all Beans Securities held by the Ceipson May 22, 1996 shall be ance with Argentine law and without any action on the part of the beneficial dwarf worked into and acchanged for an interest of an equal to aggregate principal ad Global Certificate. Consequency, persons whose Bearse Securities we can be do not need to take any action in order for their Bearse Securities to be an con-

> e with record to the information contained in this notice may be directed to : co Francia del Rio de la Plata S.A. The Bank of New York

Normer Traver Plane

L-1470Ltd Grand Ducky of Loxenthours Name: Jean-Mart Richard or Christine Fanckart Telephone No: 4552-4590-4214 Facshnile No: +352-4590-4227

Banco Francis reserves the right to cencel the exchange of Bearer Securities for interests in a Registered Global Cartificatis II, prior to the close of busness on May 22, 1936, the Regulations are amended or superseded so as to make such an exchange in the manner provided herein, in the opinion of Banco Francis and in its sole discretion, unnecessary or undestrable.

EURO DISNEY S.C.A.

CONVERTIBLE BONDS 6.75 % - JUNE 1991 NOTICE OF CONVOCATION

The owners of convertible bonds 6.75 % June 1991 which constitute the Loan of FF 3.969,000,000 of the Company are invited to attend a General Meeting on May 30, 1996, at 9:00 am at the registered office of the BANQUE NATIONALE DE PARIS - 1-3, rue Laffitte, 75009 Paris in order to consider the following agenda:

AGENDA

Approval of the decision of the Shareholders' Combined General Meeting on March 124, 1996, taken under the eleventh resolution, authorizing the Gérant of the Company, in accordance with authorizations given under the tenth resolution approved during said general meeting, to proceed with the ssuance, without shareholders' preferential subscription rights. of shares of the Company, of warrants giving right to subscribe to shares of the Company, and of other securities giving right to the allocation, immediately or at a later date, of shares which may represent a portion of the share capital of the Company.

Powers for formalities.

In the event that there is not a quorum or if, for any other reason, the meeting could not deliberate, a second meeting would be convened with the same agenda on June 12, 1996 at the same hour and place.

In order to participate or to be represented in the meeting, the owners of registered bands must be registered on a nominative account with the Company at least five days prior to the date

Owners of bearer bonds must, prior the same date, justify the immobilization of their bondholding through their agent thank, financial institution, stock broker).

A "Société en Commandite par Actions" with a share capital of FF 3.625.186.205. Registered effice: "Immediles Administratifs", Route Nationale 34, Chessy "1744 [Sewe-et-Marine Leffancet Mailing address: 8P [60, F 7777] Marine-la-Vallée I "edes 4 [Francet, Registry of Commerce and Companies, Means 8 334 175 987.

Notice of suspension period and conversion price adjustment Notice to the Holders of US\$200,000,000

Winbond Electronics Corporation (Incorporated with limited liability in Taiwan, Republic of China)

2 per cent. Convertible Bonds Due 2003 (the "Bonds") CUSIP #972657AA8 CINS #Y95873AA6

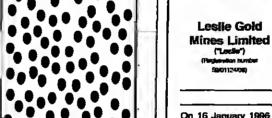
NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds of Winbond Electronics Corporation (the "Company"), in accordance with the Terms and Conditions of the Boods, that the bondholders' right thereunder to convert any bond into the Company's Shares shall be suspended and shall not be exercisable during the following period (the "Suspension Period"):

The period from the close of business on January 22, 1996 up to and including May 23, 1996.

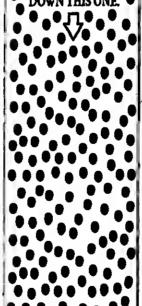
In addition, the Company will distribute a 100% stock dividend to its

including May 23, 1996. In addition, the Company will distribute a 100% stock dividend to its shareholders and 32 million shares of stock bonus to its employees on May 23, 1996 (the record date). In accordance with the provisions of the Indenture constituting the Bonds, the Conversion Price will be adjusted from NT830.25 per share to NT\$30.83 per share effectively May 23, 1996. Bondholders should consult with the Terms and Conditions of the Bonds contained in the Offering Circular dated March 6, 1996 for specific provisions concerning the conversion rights attaching to the Bonds.

WINBOND ELECTRONICS CORPORATION Dated: May 16, 1996 By: Citibank, N.A. as Trustee



TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE.



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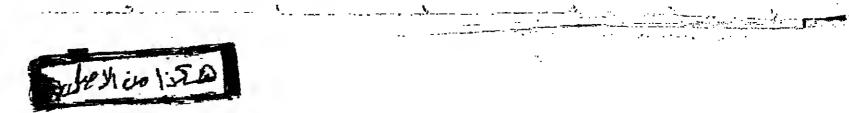
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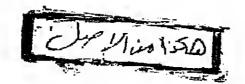
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COMMODITIES AND AGRICULTURE

'Indian buying opens silver gap'

By Kenneth Gooding, Mining Correspondent

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India and Mexico had a big impact on the global silver market last year, as did the speculators who seem to determined to drive the price up to US\$8 a troy ounce, according to the latest survey from the Washington-based Silver Insti-

The institute says that India's impact on the world market for silver in the 1990s has been remarkable. "After a generation in which it was essentially a dishoarder of the metal, often in large quantities, it has imported 405m ounces [12.600 tonnes] in the last six years." Annual demand for silver in India, at least at present prices, is well established at 75m to 100m ounces (2,400 to 3,200 tonnes), it points out. Only Japan and the US, use more silver.

Gold Fields Mineral Services, the consultancy that compiled the survey, suggests that: "It is this sudden arrival of India as a major consumer that bas opened up the supply demand gap [in the silver market]."

For the past seven years silver demand bas outpaced conventional supply (mined silver and scrap). GFMS estimates that last year the gap was

154.8m ounces. That was slightly smaller 1994 because, although there was a slight rise in mine production (hy 25.1m ounces to 468.8m) after four years of

World silver market

decline and while demand in most sectors was strong, there was a steep fall in silver coin fabrication, which dropped by 44 per cent in 1995 to 22.9m ounces, its lowest level since

Mexico accounted for more than half of the global fall. It minted only 570,000 ounces of silver coins last year, compared with about 13m ounces in 1994.

The supply-demand gap was filled mainly by sales from stocks, GFMS says implied disinvestment last year was 123m ounces, down from 158.6m. It estimates that stocks in the than the 187.4m-ounce gap in exchanges have fallen by 350m years in 1995, the average Lon-

ounces (10,900 tonnes) since 1990 and stood at just over 650m ounces (20,000 tonnes) at the end of last year - eoough to meet the present supply-de-

mand gap for another four or

five years.

"The debate on the level of stocks is now crucial to the future of the silver market," the survey insists, "as some speculators have been huilding positions in recent years. The issue is going to be huw long they are prepared to retain those positions and whether, if they do, it will drive the silver price towards the \$8 price they are thought to have

targeted." While speculators helped to push the silver price hriefly through the \$6-an-ounce harhands of dealers or at rier for the first time in six don spot price of \$5.197 was marginally he)ow the 1994 average.

Scrap - mainly generated from the efficient recycling of the metal used in photography - is now an important component of the silver supply total and fills nearly 20 per cent of demand. GFMS suggests, how-ever, that the price would have to move to well in excess of \$6 an ounce to cause any substantial extra recycling of either trade or consumer stocks of

GFMS estimates that demand for silver from the tor (mainly electrical and elec-tronic applications) last year reached 291.2m ounces, 11.4m ounces above the 1994 level. Jewellery and silverware demand was up by 6m ounces to 229.2m ounces and demand from the photographic industry recovered from recession to reach 222.1m ounces, up from

The survey suggests that silver "has, io a sense, found a new role, not so much as a precious metal, hut as an indispensable one".

World Silver Survey 1996 US\$70 or £45 from GFMS. Greencoat House, Francis Street, London SWIP IDH. England, or from the Silver Institute, 1112 Sixteenth Street, NW, Suite 240, Washington, DC

ERA to lift uranium production

By Nikki Talt in Sydney

Energy Resources of Australia, part of the Melbourne-hased North group, said yesterday that it had received final approvals to expand mining at its existing Ranger uranium mins in the Northern Terri-

The go-ahead for the mining of the "Ranger Orebody 3" which lies within the existing Ranger mine lease boundaries from the territory government should significantly extend the mine's life. Proven and probahie reserves in the new ore body are estimated at 56.615 tonnes of uranium. ERA plans to mine by open-cut methods. and will start production from

the orebody in July next year. The expansion of Ranger comes as ERA is also seeking develop a new uoderground mine, fairly close to the exist-ing mine facilities. The move is highly controversial, with both anti-nuclear lobhyists and environmentalists strongly opposed. ERA had previously been unable to develop a new mine, given the Labour federal government's restrictive "three mines" policy. The election of a new conservative coalition government in March meant that the policy was overturned. The new federal environment

Agreement 'close' on Western Australian iron ore project

By Nikki Tait in Sydney and Laura Tyson in Taipei

Trading in the shares of Kingstream'a, the small Perthbased exploration group, was suspended yesterday, as the company said it was close to an agreement with Taiwan's An Feng company on the development of its A\$1bn-plus tUS\$800m) Mid-West iron and

steel project, near Geraldton If successful, the negotiations could hring a second major iron ore processing operation to Western Australia

in a statement to the stock exchange, Kingstream said that final talks with the potential Taiwanese investor were due to take place today and could result in an agreement heing signed tomorrow.

The An Feng group, based in the southern port city of Kaohsiung, includes listed Feng An Metal Industrial, one of Taiwan's largest steel-makers. The group does not have a fully integrated manufacturing facility in Taiwan and is seeking to secure a steady supply of raw material, which it processes and sells to downstream

If the joint venture deal went ahead, it would probably see An Feng taking a 70 per cent stake in the project, with Kingstream bolding the balance. The project would be Iron Ore Company of Canada will quickly resume normal operations at its Quebec-Labrador mines, concentrators and pellet plant following a 77 per cent union ratification of a new three-year contract, writes Robert Gibbens in Montreal.

The IOC operations were hit by a 40-day strike after an earlier offer was rejected, though shipments to world customers contin-ued from stocks.

The company, which would not immediately reveal details of the new contract, said it expected to ship nearly 17m tonnes of iron ore concentrates and 10.5m tonnes of pellets in 1996 because of strong international markets. Quebec-Labrador is one of the world's leading iron ore sources

Quebec Cartier settled with its unions last month and the third producer, Wabush, is expected to sign a similar agreement to IOC's. Total capacity of the three producers is around 50m tonnes in concentrates form.

looking to produce 2.4m tonnes annually of carbon steel slabs. with An Feng entering a "takeor pay" contract to acquire

Kingstream's share of output. The Taiwanese group would also "assist" in providing equity finance for the project and arrange debt-funding. Kingstream did not put a fig-ure on the development cost, but this is thought to he between A\$1.2bn and A\$1.4bn. The Mid-West proposal is one

of half a dozen tron-ore profor development in Australia's resource-rich Pilbara region at present. All are seeking to capitalise on the forecast increase in Asian demand for steel and steel-making products into the

next century. To date, however, the only project to get a firm go-ahead has heen BHP's new direct reduced iron plant at Port Hedland. The A\$1.5bn facility was approved last year, and is due to produce 2m tonnes a year of bot briquetted iron, which then could be sold to Asian customers and fed into the new generation of electric arc furnaces.

A feasibility study on the

Mid-West project started a coupleted at the end of 1995. If the project goes ahead, it would utilise iron ore deposits at Tallering Peak, to the north-east of Geraldton. DRI technology would then be used to convert iron ore into feedstock for a local electric furnace facility.

Shares in Kingstream were 3 cents down at 78 cents when

Profit-taking hits gold demand

By Kenneth Gooding

Many German and Japanese investors took their profits on gold bought in 1995 and contributed to a 7 per cent drop in gold demand - to 636 tonnes in the first quarter this year in those markets monitored by

the World Gold Council. The council, a promotional organisation financed by some gold producers, points out that early last year a combination of circumstances in Japan including the Kobe earth-quake, problems in the finan-

cial sector and a record low yen price for the metal - drove demand there to unprecedented levels. So the 58 per cent drop in the first quarter of this year in Japanese investment demand to 20 tonnes

came as no surprise. "Given that gold investments made in April 1995 and sold in February 1996 yielded a 31 per cent capital gain [in yen terms], it was surprising that investment offtake amounted to a net 20 tonnes." it adds in the latest demand trends sur-

Similarly, in Germany investors took profits as the price in local currency moved higher. This resulted in a 49 per cent drop in German investment demand to 5.6 tonnes.

Overall, the markets covered by the council, which account for about 80 per cent of world drop in investment demand for gold. However, demand in other consumption areas held up well when compared with the record demand seen early

Ms Helen Junz, director of the council's Gold Economics Service, said: "After exceptional growth in the first half of 1995, which brought the year's total demand to record levels, an easing of demand in the first quarter was to be expected, especially as there

price this year". She suggested that for 1996 as a whole, gold demand would "consolldate at high levels, although perhaps not quite equalling the 1995 records"

was an upsurge in the gold

Preussag plans Albanian chromium revival

By Marianne Sullivan in Tirana

minister is now assessing

ERA's plan.

Preussag's US\$50m bid has won it the task of revitalising Albania's sagging chromium industry.

The German company will take an 80 per cent share in the eight mines, together with five processing plants, in the country's chromium-rich Bulqize region. It will become the first foreign investor in the sector.

According to officials at Albania's Ministry of Mineral and Energy Resources, Preus-

sag's \$50m will be invested over a five-year period for the modernisation of the existing mines and the ferrochrome and chromium concentrate processing plants and production

enhancement facilities. Albania, once the world's third largest chromium exporter, has been trying through a combination of foreign investment and European Union aid to revive its mining industry, which collapsed after the county's transition to democracy in 1991.

Chromiam production in

1995 totalled 243,000 tonnes. try's voucher privation pro-

down from 1.2m tonnes in 1989. Final terms of the contract Albania's chromium reserves. are expected to be signed in heavily centred around the Bulqize mining region, about

capital, are estimated at some 37m tonnes. Preussag's investment was made possible by the passage last year of an Albanian law on mine privatisation, under which foreigners are permitted

the coming weeks. The company is reported to be planning 200km north-east of Tirana, the to concentrate on ferrochrome exports and the maintenance of all the mines' workers with increased wages.

Also planned by the German group, with an additional investment, is the rehabilitatlon of infrastructure in the area, including the telephone

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE Prices trien Amalogmated Metel Tradiciol

ALUMINIUM, 99.7 PURITY (\$ per tonne) Cash 3 mithe 1645-46 1655-65.5 Previous High/low AM Official 1620.5-21,5 1599 1599-600 Open int. Total daily lun 215.794 ALUMINIUM ALLOY (5 per torme) 1385-90 1386-88 1385/1380 1340-42

Kerb close Open int. Total daily turnover 5,282 ■ LEAD 係 per tonnel 845.5-6 S 842.5 842.5-3 843-4 Open int. Total delily turnover MICKEL (\$ per torme) 8050-60

High/low AM Official Kerb close Open int. Total daily turnover 42,327 TIN (\$ per tonne 651*0*-20 6545-55 6505 6525-30 6510-15 Kerb close Open Int. Total daily turnover

ZINC, special high grade (5 per tonne) 1074-74.5 1075-75.5 Close Previous High/low AM Official 1075/1067 1068.5-69.5 1073-74 Kerts close Open Int. Total daily turnover 71,684 14,856 COPPER, grade A (5 per tonne) 2750-55 AM Official Kerb close

B3,470 III LME AM Official 2/S rate: 1.5160 Spot: 1.5138 3 mithe: 1.5114 6 mithe: 1.5103 9 mithe: 1.5084 HIGH GRADE COPPER (COMEX)
 Sett price
 Day's change
 High High
 Low
 Vol 100
 Int Int

 128.15
 -0.75
 128.50
 127.29
 677
 6.342

 128.15
 -0.45
 126.80
 125.70
 317
 3.231

 123.65
 -0.45
 124.85
 122.80
 7.703
 26.01

 121.40
 -0.40
 121.75
 122.70
 1
 741

 119.15
 -0.15
 119.70
 118.20
 476
 5.152

 217.55
 -0.15
 117.00
 117.00
 9.518
 52.857

PRECIOUS METALS E LONDON BULLION MARKET (Prices supplied by N M Rothschild) \$ price 392.50-392.90 391.80-392.20 391.85 392.20 392.70-393.10 391.60-392.00 391.60-392.30 Moming for Afternoon for Day's High Day's Low Previous close

Loco Ldn Mean Gold Lending Rat 12 толив 540.00 546.50 365.55

553.05 566.70 375.55 \$ price 391-394 403.05-405.55 91-94

Precious Metals continued GOLD COMEX (100 Troy oz.; \$/troy oc.]

392.5 +0.9 - - - - May 125.50 -1.55 125.75 125.00 393.5 +0.6 383.9 382.7 27,183 82,377 Jul 127.65 -1.70 128.10 127.25 33,006 205,744 PLATINUM NYMEX (50 Troy oz.; S/troy oz.) +3.1 407.9 404.5 2,599 19,514 407.7 +32 411.0 408.5 220 3.858 +32 413.0 413.0 1 977 +32 - 2 1.408 2,821 25,758 PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) 138.30 +1.00 137.30 134.50 227 4,607 137.50 +1.65 138.50 135.75 4 3.570 138.60 +1.65 - 5 577 227 8,754 SILVER COMEX (5,000 Troy oz.; Cents/troy oz.) +1.6 - - 29 183 +1.2 544.5 537.0 12.546 65.943 +1.3 546.5 545.5 387 14.416 +1.3 557.5 553.0 60 9.786 +1.2 558.0 559.0 2 3,553

ENERGY CRUDE OIL NYMEX (42,000 US gails, \$/barrel) -0.14 21.48 -0.12 29.47 -0.10 19.72 -0.11 19.17 -0.13 16.65 21.48 27.17 41.307 56.245 29.47 20.20 25.400 85.494 19.72 18.48 7.247 57.012 19.17 19.00 6.731 37.761 18.65 18.71 5.130 22.225 -0.1S 18.55 18.51

■ CRUDE OR IPE (\$/barrel) Latest Day's price change 19.29 -0.06 18.50 -0.08 17.94 -0.11 -0.06 18 45 18.25 13,322 21,732 -0.08 18.66 18.45 17,198 85,503 -0.11 18.04 17.92 3,138 23,739 -0.10 17.47 17.35 455 8,065 -0.10 17.23 17.18 415 5,099 -0.10 17.23 17.18 415 5,099 25,140 192,090 HEATING OIL NYMEX (42,000 US galle; c/US galle) Latest Day's price change 54.75 -0.57 55.70 54.40 13.604 20.743
53.25 -0.36 53.75 52.95 6,193 17,306
52.95 -0.26 53.29 52.75 1,580 14,223
53.25 -0.26 53.46 53.20 716 65.47
53.80 -0.26 54.01 53.80 57 4,722
54.45 -0.18 54.56 54.30 250 5.212
23,179 99,822 GAS Off. PE (\$/torne)

Sett Day's price change High Low 166.75 -0.25 167.25 165.39 162.59 162.59 162.50 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.35 163.50 163.00 146 3,787 163.50 163.00 146 3,787 163.50 163.00 146 3,787 MATURAL GAS NAMEX (10,000 mmBtu; S/mmBtu) Laintz Dey's pries chenge 2.275 +0.002 2.300 -0.002 2.285 -0.006 2.250 -0.006 2.260 -0.006

NYMEX (42,000 US galls, c/US galls,) -1.38 68 47 66.90 13.887 26.887 -0.76 65.30 64.20 5.445 19.658 -0 44 62 10 -0.25 59.35 1,613 14,548 352 3,665 1 1,506 38 1,030

GRAINS AND OIL SEEDS M WHEAT LCE (E per torme)

Sett Day's Open price change High Low Val Mil 116,65 -0.10 116,50 116,50 118,55 +0.20 118,50 118,00 120,25 -0.15 120,10 120,10 122,10 -0.40 122,09 122,00 670,00 +2III 675,00 658,III 42 293 582,25 -1.00 581,00 580,00 15,714 56,703 578,00 +1.00 585,00 577,III 2,461 15,775 585,50 -1.00 590,III 580,00 3,192 17,344 578,00 -584,00 576,00 106 1,523 520,00 +3.00 520,00 520,00 3 170 520.00 +3 00 520.00 520.00 MAIZE CBT (5,000 bu mirc cents/56to bushet) 500.50 -4.50 512.75 496.50 3.733 3.191 487.50 -42.55 491.00 482.25 41.736.161.94T 424.50 +5.75 430.00 416.50 18.153 88.067 358.25 +4.75 359.50 352.50 29.992.146.068 364 20 +5.50 364.50 359.00 1,538 17,248 365.50 +4.50 365.50 363.00 525 2,462 BARLEY LCE (E per torme) 123 66 644 118 41 SOYABEANS CET (5,000bu min; certa/50th bushel) 809.50 -1.111 812.50 806.50 1.202 1.289 815.50 -3.25 822.00 813.50 33.543 79.185 815.75 -2.75 822.50 814.00 2.313 12.705 799.75 -0.25 806.00 793.00 482 6.707 789.50 -1.00 795.50 767.50 14.787 76.080 796.111 -1.50 800.50 793.50 580 7.029 53,874 193.893 26.95 -0.19 27.14 26.90 1.329 1.234 27.27 -0.21 27.57 27.15 11.630 52.925 27.44 -0.24 27.93 27.35 891 11.204 27.63 -0.21 27.65 27.52 643 5.621 27.73 -0.25 27.65 27.63 55 4.71 28.00 -0.22 28.25 27.90 2.064 19.637 17.281 36.242

SOYABEAN OIL CBT (60,000 bs. cents/b) SOYABEAN MEAL CET (100 tons; \$/ton) 269.3 -0.3 250.7 248.5 1,141 1.453 252.7 -0.1 254.8 252.0 11,552 56,726 252.0 -0.5 254.3 252.0 2,341 11,241 250.2 - 252.2 249.5 1,394 7,413 247.7 +0.5 249.0 247.0 345 3,502 248.1 -0.8 249.0 247.0 2,835 17,562 2024.0 04,354 POTATOES LCE (CAorne) 62 1,024 62 1,665 FREIGHT (BIFFEX) LCE (\$10/inde 1389 1297 1255 1355 1383 1396 569 561 2018 1,074 52 -21 -16 -12 1250 1255 1355 1350 28 15

> FUTURES DATA All futures data supplied by CMS.

Nuts and Seeds
Prices from Kenko Group: US\$ a torne, Iranian pistachios 28/30 raw fin sheft) neturally opened tround; 1995 crop 3,300 CRP/FCT
MEP, easy, US almonds teheled; NP\$ 20/22
1995 crop 6,500 Californie Almond Board crop stimate at \$20n ib - opening pince for 25/27 is 5,100 FA\$, September shigment. US webruts
LHP 20% - crop estimate due end-May; prompt 6,100 FA\$ California, easy, Indian cashews raw; 1995 crop, W-320, 8,150 spot Europe - solt; 1995 crop from origin 5,950 CFR India for second half 1996 Turkish hazel-nut kemels, 13/15 standard 1s, 1995 crop, 3,100 FOB MEP; new crop at 3,000 FOB MEP. Turkish apricota No. 4, 1996 estimate published - price stee at 2,400 FOB MEP. Charese pine nut kemels, Chinèse defauting following increase from 4,500 to 7,000, straet sunflower seed - new crop 8mm- estimate at 1,900 CFR.

1136 1,001 45,505 1040 330 28,308 1038 906 33,854 1054 72 16,802 3,379 159,042 +3+1 1148 1050 1046 1055 1048 1044 1054 1409 1404 4 24 1416 1401 3,556 32,121 1424 1409 608 19,409 1438 1424 647 17,770 1442 1438 257 14,153 1 6,073 5,071 99,184 ■ COCOA (ICCO) (SDR's/tonne) COFFEE LCE (\$/torne)

2000 153 1,898 1945 1,948 16,584 1935 546 6,558 1933 336 2,877 1910 59 1,775 1896 54 720 +16 +12 +15 2015 1958 1945 1940 1917 1887 +13 COFFEE 'C' CSCE (37,500fbs; cents/fbs) 127.25 +0.30 127.75 127.25 182 375 128.45 -0.20 127.35 126.00 6,167 19.238 125.30 -0.05 125.00 124.90 1,240 5,501 122.15 +0.30 122.75 123.00 480 2,633 121.50 - 122.00 121.50 128 913 129.00 - 120.00 120.00 2 332 8,229 29,582 COFFEE (ICO) (US cents/pound)

-04 377 5 375.0 1,585 11,127 -0.2 348.5 344.8 453 5,569 -1.0 338.0 335.0 105 3,436 -27 332.0 330.0 240 3,720 -2.5 33.0 338.0 89 12,36 -3.7 329.5 329.2 04 277 2,565 25,804 SUGAR "11" CSCE (112,000bs; cents/fbs) 10.95 +0.02 11.00 10.85 18.895 55.170 10.79 -0.11 10.70 10.56 4.287 35.181 10.51 -0.11 10.59 10.80 2.576 27.371 10.59 -0.10 10.85 10.59 786 7.714 10.57 -0.10 10.84 10.57 252 4.090 10.51 -0.08 10.57 10.51 207 1.523

■ COTTON NYCE (50,0000bs; cents/bs) 82.50 -0.57 83.20 82.42 7.286 24.082 82.38 -0.02 82.75 82.26 535 3.983 81.93 +0.13 82.20 61.85 2.796 29.07 22.70 +0.19 82.85 82.80 47 3.338 83.35 +0.25 83.35 83.25 22 1.883 83.75 +0.45 - 40 63.5 18.459 83.860 ■ ORANGE JUNCE NYCE (15,000fbs; cents/fbs) 117.45 +0.10 118.40 118.50 4.341 12.075 117.45 +0.15 118.10 117.00 1,885 4.543 118.50 -0.20 118.80 115.00 251 1.261 115.80 -0.20 114.10 112.75 158 3.581 115.80 -0.20 118.00 115.50 17 285 117.80 -0.20 - - 143

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST. NYCE, CME and CSCE are one day in smeara. Volume & Open Interest totals are for an traded months.

INDICES ■ REUTERS (5888. 18/9/31=100)

May 14 month ago 2158.0 2104.2 2324.5 CRB Futures (Base: 1967=100) May 14 May 12 month : 250.22 250.64 255.8 6:SCI Spot (Base: 1970=100) May 12 month ago 260.64 255.84 year ago 231.67 MEAT AND LIVESTOCK II LIVE CATTLE CME (40,000 bg: cents/lbs)

60.325 -0.125 80.450 59.450 6271 27.882 82.803 -0.250 63.650 52.300 6,865 26.593 62,500 -0.150 62,725 62,275 1,522 19,263 61,675 +0.050 81,800 61,400 504 8,919 84,400 -0.200 64,600 64,350 89 1,825 ILIVE HOGS CME (40,000ths; certs/fbs) 85 050 +0.750 ES.100 64,400 3,308 15,372 Jan Jei Any Oct Dec Feb Total 51.250 -10.750 85.100 64,810 3,306 13,372 51.250 -10.350 81.500 81.900 2,782 9,537 55.225 +0.025 56.450 55.900 916 5,845 51.425 -0.250 51.900 51.250 513 5,251 64.550 -0.500 55.250 54.500 644 5,373 75.150 -0.350 75.750 75.000 60 848 51.225 +0.325 55.450 55.900 51.425 +0.025 56.450 55.900 51.425 -0.250 51.900 51.250 64.550 -0.500 55.250 54.500 75.150 -0.350 75.750 75.000

PORK BELLIES CME (40,000lbs; cents/but Mary And Feb Mar Mary Total 83,250

LONDON TRADED OPTIONS Strike price S torme -- Calls ---Sep 158 86 39 118 33 3 1700...... Grade Al LME 130 78 40 COFFEE LOF Ju 204 180 161 157 188 214 E COCOA LUE BRENT CRUDE IPE

1900 .. LONDON SPOT MARKETS CRUDE Oil. POB (per benel) \$16.82-6.90x Brent Blend (dated) Brent Blend (July) \$19.39-9.43 \$18.52-8.53 W.T.I. \$20,32-0.34x
■ Oil PRODUCTS NWE prompt delivery CiF (tonne) \$234-236 \$176-178

Ges On
Heavy Puel Oil
Nephthe
Jet fuel
Diccel
MATURAL GAS (Per \$100-102 \$190-193 \$183-194 \$176-181 9.50-9.80 Petroloum Argus. Tel. Londo

OTHER (01711 359 8792 Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz.) Palladium (per troy oz.) \$392,70 540.50c \$403.00 \$133.75 134.0c 45.00c 16.10r 307.50 Copper Lead (US prod.) Tin (Kuala Lumpur) Tin (New York) -20 Cattle (five weight) Sheep (five weight) Pigs (five weight) 100.49p 155.44p 117.83p +0.99

Lon. day sugar (raw) Lon. day sugar (wte) Barley (Eng. feed) Malze (US NoS Yellow Wheat (US Dark North \$283.8 \$397.5 114.40 Unq Unq Rubber (July) 102.50p Rubber (KL RSS No1) 373.50m Coconut Oil (Philis B00.0v Paim Oil (Malay.)§ Copra (Phil)§ Soyabeans (US) Cotton Outlook'A' index \$545.0z \$503.0z

82,500 4320 Woottops (64s Super)

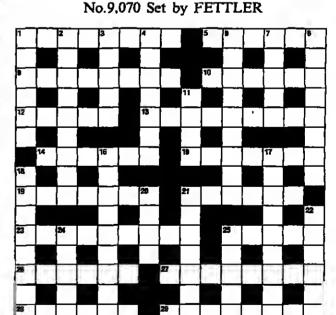
+1.00

to own up to 80 per cent of the mines. The other 20 per cent

will be owned by Albanian system, roads railways and shareholders through the coun-**JOTTER PAD**

The solution is HP Computer Systems.

CROSSWORD



1 Look around for a possible 5 Believed taking exercise was of some assistance (6)
9 Louis, fiddling with cuscus,

leaving half that's very sweet 15 Measure put before irregular court meant it was an edict 10 Revolutionary America lost one battle zone (6) 12 Commonly, it is not a stain or 13 Leisurely walk made Peron

mad (9) 14 Conspicuous head on heart of acanthus (6) 16 To characterise thus might nettle one (7) 19 Dancing veleta with energy to raise mind and feelings (7) 21 Pens are sly when wielded wickedly (6)
23 Exchanging note, I get a treat

25 A gelding is an easy paced horse stabled in this way (5) 26 Gave an account of take off over the moon (6) showed the way to Paragoo show be copled (6) 28 Transposes common food as

29 Closed np one end wrongly (8)

DOWN

1 When cultivated, it is placed 2 Behaving like a mule, so turned into beast (9) The reason why pinto flicked its tail behind its head (5)

6 Seriously, this hird eats its home (9)
7 Plain orthodox priest taking mass (5) 11 It's only a fish (4)

17 Sailor, engaging catch, in waterproof cloth (9)
18 Check underclothing and dress again (8)

20 Gallery reflects the French state (4) 21 German song, now played for the rest (3-4)
22 Under the influence, look! Dead drunk (6)
24 Good to show enthusiasm for

retire (5)

what is serious (5)

Solntion 9,069



JP Morgan, Reuter

INTERNATIONAL CAPITAL MARKETS

German bunds and French OATs outperform

By Samer iskandar in London and Lisa Bransten in New York

European markets traded quietly ahead of today'a Ascension Day holiday in several countries. The release of the European Commission's sconomic forecasts for 1997 came too late to have any significant effect on the markets.

Some traders said the forecasts for France and Germany. which showed both being very close to meeting the Maastricht criteria for European monetary union, appeared somewhat too optimistic. German hunds and French OATs outperformed other European

■ German bunds ended slightly lower, but outper-formed gilts and BTPs. Liffe's June hund future closed at 96.62, down 0.17. In the cash market, the 10-year benchmark bund closed at 98.56, down 0.22. The 10-year yield premium of

US Treasuries over hunds fell by 6 basis points to 30 points.

Although the European Commission's forecasts ahowed that Germany's public deht next year was likely to be in excess of the imposed limit of 60 per cent of GDP, economists said this was unlikely to raise doubts over the feasibility of European monetary union. Some analysts even said the

data was bullish for high yielding European markets. "If the rules are relaxed in order to admit Germany linto the single currency], the chances of less wall placed countries (such as Spain and Italy] will be enhanced," said one.

■ French bonds closed lower, in line with bunds. Matif's June notional future settled at 123.20, down 0.22. In the cash market, the 7% per cent OAT due 2006 closed at 105.52, down 0.22, its yield spread over the equivalent bund unchanged at 3 basis points.

The Franch Treasury announced yesterday that Cades, the institution created to manage the accumulated debts of the French social security system, is to launch a global commercial paper programme to raise in the region of FFr35hn by the end of next month, Reuters reports.

GOVERNMENT **BONDS**

The programme will he arranged by Lehman Brothers and be issued in both the euromarket and the US domestic market. The commercial paper ssue, whose size was hroadly in line with expectations, is part of a wider programme to raise Fr140bn by June 28.

■ UK gilts continued to trade in a relatively tight range, but closed lower after the release of slightly stronger than expected labour statistics. Liffe's awaiting the details of an despite relatively strong fig-

June long gilt future settled at imminent mini-hudget. Liffe's ures on industrial production and capacity ntilisation.

benchmark gilt, the 7½ per li4.41, down 0.29, hut slid furble with the result of the result cent bond due 2006, closed at 96%, down 76.
Data released yeaterday

showed that the rate of growth in average earnings had accelerated to 3.75 per cent in March and unit wage costs in manufacturing had risen by 4.1 per cent year-on-year.

Traders are now likely to

focus on today's release of

retail price data. Economists at Yamaichi International believe that after yesterday's sell-off, the market might be supported by bargain-hunting if the RPI shows moderate growth. Mr Andrew Roherts, bond analyst at UBS, said index-

fixed-income securities, a rare occurrence that he qualified as a "safety-first trade"

linked gilts outperformed

■ Italian bonds ended lower, with market participants two sessions in early trading.

ther in after-hours trading to a low of 114.25. in the cash market, the 10-year yield spread over bunds widened by 4 basis

Analysts were divided over the likelihood of this spread tightening further. Mr Kirit Shah at Sanwa International believes the rally "will soon run out of steam"

points to 337 points.

However Ms Marie Owens-Thomsen, chief economist at BIP/Dresdner Bank in Paris, expects Italian bond vields to narrow to around 300 basis points over 10-year hunds. She recently forecast that the dollar will rise to around DM1.55 and expects this to provide support to both the Italian currency and the BTP market.

■ US Treasury prices hung on to the gains of the previous was $\frac{1}{80}$ lower at $89\frac{1}{10}$ to yield 6.837 per cent while the twoyear note was unchanged at 9914. yielding 5.959 per cent. The 30-year June bond future

was # higher at 109%. Industrial production advanced by 0.9 per cent last month and capacity utilisation was 83 per cent, according to the Federal Reserve. Both fig-ures were higher than consensus forecasts of a 0.5 per cent rise in production and capacity utilisation of 82.7 per cent. Mr Kevin Sluder, a senior

fixed-income trader at First Chicago Securities, said investors seemed to be focusing on the relative weakness in some components of the reports.

For example, excluding the motor vehicle sector, production was nearly flat, and much of the rise in car manufacturing was attributed to the end

ters will take over responsibility for the daily production of RiskMetrics data. In addition. it will work with Morgan to develop ways for users to select data on the basis of their own particular requirements. The proposed collaboration is non-exclusive and will allow other information services to

J.P. Morgan, the US bank, and Reuters, the international

news and financial information

organisation, have agreed in principle to collaborate in the

development of Morgan's Risk-

Metrics risk management data-base and methodology.

RiskMetrics, which was

launched by Morgan in Octo-

ber 1994, can be integrated into

the value-at-risk (VaR) com-

puter models used to measure

the market risk of trading and

which provide current and his-

torical price information for the world's higgest stock, bond

and currency markets, and

ways to measure their volatil-

tty and correlation - are pub-

lished on the Internet and in

Under the agreement, Reu-

other information services.

RiskMetrics data-sets

investment portfolios.

continue using RiskMetrics in their own products. The partners will develop

customised risk management systems, building on the basis

in RiskMetrics link of the RiskMetrics methodol: ogy, to incorporate more spe-cific kinds of data - such as price details on less widely traded emerging markets, or particular extensive historic

runs of data, for example. Products could also be devel. oped to allow users to track the value of more complex financial instruments, such as derivatives including embed

ded options. Users will be able to access the new extended Risk. Metrics data-set through new database search facilities being built by Reuters for all the

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1521; 22 227

No. 10.77 PULT -SEE - 21 SUPPLET SUPPLET SEE - 71

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Anna --EXCHANGE CF

dsta that it provides.

By working with Renters,
Morgan said that it would fur ther enhance its risk manage ment product capabilities including its so-called Four-Fifteen VaR reporting soft. ware. FourFifteen, named after Morgan's market risk report produced at 4.15pm each day. is an off-the-shelf software system which allows users to apply RiskMetrics directly.

Mr Jacques Longerstaey, of Morgan's risk management services group, said there was growing demand for data from other markets and more flexibility in the way data is handled.

Reuters already markets a range of risk management products, including Dealmana ger and Kondor Plus.

Toyota sees strong demand for \$750m 'euro-Asian' issue

By Conner Middelmann

Ahead of national holidays in most of Europe today, the eurobond market saw substantial volumes of new paper yesterday, featuring several large deals in US dollars and

Toyota Motor Credit Corp's \$750m issue of five-year bonds saw strong demand and was sold ont shortly after launch. lead managers CS First Boston and Merrill Lynch said.

In keeping with TMCC's efforts to increase its Asian investor base, the issue was targeted heavily to that region. "euro-Asian", will be listed in Hong Kong and Singapore as well as London. Yielding 15 basis points over US Treasuries at the re-offer price, the terms were said to be spot-on, and the spread remained

steady throughout the day.

WORLD BOND PRICES

Ford Motor Credit is currently holding roadshows for a similar euro-Asian issue, seen as totalling at least \$750m. via Lehman Brothers and Goldman Sachs

In the D-Mark sector, the European Investment Bank surprised dealers with a DM750m issue of bonds due October 2003.

INTERNATIONAL BONDS

"There had been a lot of talk that they were planning a D-Mark issue, but the arbitrage was so bad we thought they'd abandoned the project," said a Frankfurt syndicate official. One dealer pointed out that

the bonds' 7 basis point spread

compares favourably with the

World Bank's bonds due 2003,

which yield around 5 basis

points below bunds.

According to Lehman Brothers, joint lead manager with Morgan Stanley, the bonds met a good response. largely from European institu-In the floating-rate market,

Italy'a Banca di Roma issued

\$500m of seven-year notes yielding 13.5 basis points over Libor at the re-offer price. This is a rare borrower in the eurobond market, so a lot of institutional clients have room for the name," said an

burg. Elsewhere, Israel has appointed Merrill Lynch to manage its debut eurobond issue, which is likely to total \$200m and is set to be launched in late 1996.

official at arranger SBC War-

"It will be a relatively small amount - we don't really need the money, but we want to set a benchmark for future issuance," Mr David Brodet, direc-

NEW INTERNATIONAL BOND ISSUES Borrower US DOLLARS +15(6)/46-01) CSFB/Mertif Lynch HSBC Markets/SBC Warburg +3(6*4-6-9) Daiws Europe +450(8*4-99) JP Morgan Securities 0.25R 0.20R 750 0.00 99.58R Oct 2003 0.30R +7(6%-03) Lehman/Morgan Stanley LB Rheinland-Pfabris) 7.75 99.75R Dec 2001 0.25R +10(7%-01) HSBC Markets GUILDERS 5.25

tor general at Israel's Finance Ministry, said in London yesterday. The bonds are expected to have a maturity of five to

Israel also plans to tap

Japan's domestic bond market

Final terms, non-callable unless stated, Yield spread (over relevant govt bond) at launch supplied by lead manager. ‡ Roating-rate note, #Semi-annual coupon. R: fixed re-offer prior; fees shown at re-offer level, a) Callable from June 96 at par, Puttable in June 01 at par. e11 3-mth Libor +6%bp. b) Puttable on 4/6/99 at 96.84% and on 4/6/01 at 97.1%. c) FI 300m (aunched 11/4/96 was increased by L100bn et 101,005% and L100bn et 101%% to L400bn. s) Short 1st coupon. with a samurai issue in 1997, Israel's \$250m yankee bond,

which was issued in December he said. "First we want to set benchlast year, was the country's marks in all the main markets, first foray into the internaand eventually we will do global offerings," Mr Brodet tional capital markets without the backing of US loan guaran-

FT-ACTUARIES FIXED INTEREST INDICES

Telefónica del Peru ADSs

By Richard Lapper

Telefónica del Peru, has filed with the US Securities and Exchange Commission to sell some \$100m in American depositary shares, representing some 50m class B shares.

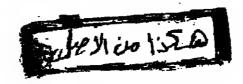
The issue is part of a broader equity offering in which the government is selling its remaining 29.5 per cent stake some 669.9m class B shares in the company to international and domestic investors.

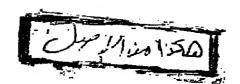
An amendment to the SEC registration statement detail ing the final size of the issue will be filed next month after pre-marketing is completed. The issue, likely to be one of the biggest this year by any Latin American company, is expected to raise up to \$1.35bn.

J.P. Morgan and Merrill Lynch are global co-ordinators, while Banco de Crédito will handle the domestic issue. -Each of the ADSs will represent 10 class B shares.

| BENCHMARK | GOVE | RNME | NT BO | NDS | | | | • | BURNED | FUTUF | ES OPT | IONS (| LIFFE) D | M250,00 |) points | of 1009 | 6 | |
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| | Coupon | Red Data | Price | Day's change | | eek) go | Month ago | Str | | Ju | n | CA | Aug | Seo | Jun | J. | PUTS - | Sep |
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| CAT | 7.250 6.250 | 04/06 | 105,5200 | -0.220 | 6.48 6. | 51 | 6.55 | _ | _ | NAL II | ALIAN (| SOVT. | BOND (| TP) FU | TURES | | | |
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| taly No 140 | 9.500 6.600 | 02/06 | 99,7100 118,4258 | -0.080 -0.280 | | | 0.45 1.83 | | | Op | en \$6 | tt price | Chang | e H | gh | Low | Est. vol | |
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| Holos Shorts" (Lives up in Five Yo Buch 134pc 1986‡‡ | Yield int | 05 100 A st | +or- High | 100 ₁₁ 7 | rees 8 ¹ 200 2000 rees 71 ₂ 00 2000 | # | 8.24 7.60 | 8.01 8.04 | 103Å | ·G- 1 · 1 · 14 1 | Sigh Lo 0 8 孔 99 013 94 | 13 Index | r-Linked pc '98#‡ | (t) (135.6) | 1.37 | (2) Price | 1977 _ L | High Low |
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| Notes Shorter (Lives up to Five York) 13/4pc 1396‡‡ Fress 20c 1396 — Fress 13/4pc 1997‡‡ Fress 13/4pc 1997‡‡ Fress 13/4pc 1997‡‡ Fress 24/4pc 1997‡‡ Fress 24/4pc 1997‡‡ | Yield int R | 05 100 & od 91 218 \cdots 90 1013 \cdots 95 104 \cdots 90 103 \cdots 90 102 \cdots 42 111 \cdots | - 1084 - 1093 - 1093 - 1093 - 1013 - 1013 - 1013 | 100.1 7 210 7 10131 7 1043 7 1043 7 10133 7 10133 7 | ress 71 ₂ 00 2006 fress 73 ₄ pc 2006 fress 8pc 2002-(ress 114 ₈ pc 2007 fress 83 ₂ pc 2007 fress 131 ₂ pc 2007 fress 9pc 2008 ‡ | \$# ## ## ## ## ## | 824 - 7.80 - 7.94 - 8.02 - 9.83 - 8.28 - 10.28 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 8.14 | 103 Å 16 Å 97 Å 99 Å 119 Å 102 Å 131 Å 105 Å | er - 1 - 보기 - 보기 - 보기 - 보기 - 보기 - 보기 - 보기 - 보기 | 19h Lの 19対 94 19対 94 19対 94 19対 85 25点 117 19対 99 38計 129 12対 103 | 13 man 45 25 25 25 25 25 25 25 25 25 25 25 25 25 | pc '9611 | (135.6) (71.3) (71.3) (71.5) (135.6) (89.5) (74.6) (89.2) (89.2) | (1) 1.37 3.15 3.31 3.36 3.46 3.54 3.53 3.52 3.86 | 268 11 3.64 17 3.69 173 3.71 11 3.72 10 3.76 16 3.80 13 3.83 14 | 125 | 113.4 116.2 180.4 173]] 176.4 193.1 1163.1 192.1 |
| Notes Shorts" (Lives up in Five Yield 134.pc 1396): Tress 20c 1396 Tress 134.pc 1397: Tress 134.pc 1997: Tress 24.pc 1397: | Yield lut | 05 100 2 at \$1 218 4 60 1013 at 05 104 5 09 103 2 30 100 3 36 102 112 56 104 13 57 100 0 | - 1084 - 1093 - 1093 - 1093 - 1013 - 1013 - 1013 | 100 1 7 210 1 10133 1 | ress 71 ₂ 00 2006 fress 73 ₄ 00 2006 fress 8pc 2002-(ress 113 ₄ 0c 2007 fress 83 ₂ 0c 2007 fress 131 ₂ 0c 2007 | \$# # # 9-7 # 14-8 | 8.24 - 7.60 - 7.94 - 8.02 - 9.83 - 8.28 - 10.26 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 | 103& 46& 47% 99% 119% 100% 131% | · T - 1 · 나 1 | Figh Lo 0891 99 1134 94 0342 94 0444 85 25.4 117 0943 99 3863 129 1214 103 0442 96 | 13 taken 13 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 | pc '96# pc '01 pc '03 pc '04# pc '06 pc '19 pc '13 pc '18 pc '20 | (135.6) (71.3) (71.8) (135.6) (80.5) (74.6) (94.5) (94.5) (94.5) (94.5) (94.5) (94.5) (94.5) | (1) 1.37 3.15 3.31 3.36 3.48 3.54 3.54 3.53 3.86 3.70 | 2582 11 3.64 17 3.69 173 3.71 11 3.72 16 3.78 163 3.78 163 3.80 13 3.83 14 3.80 11 | 125 | High Low 119.5 110.2 180.5 1739] 175.6 189.5 11615 175.5 167.4 189.5 173.6 165.5 143 135.8 162.4 144.5 148.6 139.6 |
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| Notes Shorts* Shorts* | Yield int # # # # # # # # # # # # # # # # # # # | 05 100 2 at 218 \(\) 218 \(\) 00 100 13 at 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 13 \(\) 00 100 7 \ | + 67 - High 108% 203% 109% 109% 109% 101% 101% 107% 107% 107% 100% 100% 100% 100% 100% 100% | 100.1 7 100.3 7 100.3 7 100.3 7 101.3 | reus 77 ₂ 04 2006 (ress 73 ₄ pc 2002- (ress 8pc 2002- (ress 113 ₄ pc 2007 (ress 83 ₂ pc 2007 (ress 131 ₂ pc 20 (ress 9pc 2009 _ (ress 8pc 2009 _ | 5# # # 3# 3-7 # | 8.24 - 7.80 - 7.94 - 8.02 - 9.83 - 8.28 - 10.26 - 8.45 - 6.12 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 8.14 8.10 8.25 | 103& 164 177 1992 1023 1313 1034 034 834 | · T - 1 · 나 1 | Figh Lo 0891 99 1134 94 0342 94 0444 85 25.4 117 0943 99 3863 129 1214 103 0442 96 | 13 Index 137 43-13-13-13-13-13-13-13-13-13-13-13-13-13 | pc '96# (pc '97 m m m m m m m m m | (135.6) (78.3) (78.3) (78.5) (78.6) (78.6) (74.6) (77.1) (135.1) sol redensité (5) (77.7) (135.1) | 1.37 2.15 3.31 3.36 3.48 3.54 3.52 3.66 3.70 3.69 3.69 3.69 3.69 3.69 3.69 3.69 3.69 | 258 173 3.64 173 3.67 173 3.77 173 3.76 183 3.76 183 3.76 183 3.76 183 3.83 174 3.84 173 3.85 175 3.85 | 1255 | High Law 113.4 110.3 180.6 173.5 180.6 173.5 180.1 173.5 180.1 173.5 180.1 173.3 185.5 175.5 180.1 173.3 185.5 180.5 18 |
| Notes Notes | | 05 100-2 at 91 218-4 00 107-3 at 91 218-4 00 107-3 at 92 100-2 3 0 100-2 3 6 102-3 42 1112 at 92 1112 at 92 1112 at 92 1112 at 92 100-2 at 97 1112 at 97 112 | + 67 - 相助 - 108以 - 2034 - 109記 - 109記 - 107点 - 107点 - 107点 - 108記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 | 100.1 1 100.3 1 100.3 1 101.3 1 101.3 1 101.3 1 111.5 1 104.5 | Trans 7°204 2006 Trans 7°405 2006 Trans 805 2006 Trans 114 pc 200 Trans 134 pc 200 Trans 134 pc 200 Trans 134 pc 2009 Trans 104 pc 2009 Trans 0 144 pc 200 Trans 0 144 pc 200 Trans 105 2009 Trans 0 144 pc 200 Trans 105 200 | \$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\ | 8 htt 7,60 7,60 8,47 8,00 8,47 8,12 8,47 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 8.14 8.10 8.25 | 103Å 96Å 979 99½ 119½ 100H 131½ 105K 03Å 83Å | · 10 | Figh Lo 0871 99 0131 94 0314 94 0414 85 0414 85 0415 99 3813 129 1212 103 1212 103 | 13 Index 13 21:2 14 21:3 15 21:3 16 21:3 17 21:3 18 21:3 19 21:3 10 | pc 9611 | (135.6) (78.3) (78.3) (78.5) (78.6) (78.6) (74.6) (77.1) (135.1) sol redensité (5) (77.7) (135.1) | 1.37 2.15 3.31 3.36 3.48 3.54 3.52 3.66 3.70 3.69 3.69 3.69 3.69 3.69 3.69 3.69 3.69 | 258 173 3.64 173 3.67 173 3.77 173 3.76 183 3.76 183 3.76 183 3.76 183 3.83 174 3.84 173 3.85 175 3.85 | 1255 | High Low 113,4 116,2 180,5 1739,1 176,5 169,1 176,5 169,1 185,5 176,5 169,1 173,5 165,5 176,5 169,1 173,5 165,5 143,1 183,1 184,5 138,8 122,5 113,3 120,5 113,3 120,5 113,3 120,5 113,3 120,5 113,3 120,5 113,3 120,5 113,3 |
| Notes Notes | Yield | 05 1002 at 05 1012 at 05 1013 at | + 67 - 相助 - 108以 - 2034 - 109記 - 109記 - 107点 - 107点 - 107点 - 108記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 | 100.1 7 200 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1014 7 10 | Trans 7°204 2006 Trans 7°405 2002 Trans 805 2002 Trans 11°405 200 Trans 11°405 200 Trans 11°405 200 Trans 10°500 | ## ## ## ## ## # # | 8 htt - 824 - 7.90 - 7.94 - 8.02 - 9.83 - 8.28 - 8.12 - 7.51 - 8.45 - 7.51 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 8.14 8.10 8.25 | 103& 164 177 1992 1023 1313 1034 034 834 | - 1 | Figh Lo 0871 99 0132 94 1334 94 134 85 244 85 244 85 244 95 883 129 1212 103 1212 103 1212 103 | 13 Index 13 21:2 14 21:3 15 21:3 16 21:3 17 21:3 18 21:3 19 21:3 10 | pc 9611 | (135.6) (78.3) (78.3) (78.5) (78.6) (78.6) (74.6) (77.1) (135.1) sol redensité (5) (77.7) (135.1) | 1.37 2.15 3.31 3.36 3.48 3.54 3.52 3.66 3.70 3.69 3.69 3.69 3.69 3.69 3.69 3.69 3.69 | 258 173 3.64 173 3.67 173 3.77 173 3.76 183 3.76 183 3.76 183 3.76 183 3.83 174 3.84 173 3.85 175 3.85 | 1255 | High Law 113.4 110.3 180.6 173.5 180.6 173.5 180.1 173.5 180.1 173.5 180.1 173.3 185.5 175.5 180.1 173.3 185.5 180.5 18 |
| Notes Notes | Yield int | 05 1002 at 05 1012 at 05 1012 at 05 1013 at 05 1015 at | + 67 - 相助 - 108以 - 2034 - 109記 - 109記 - 107点 - 107点 - 107点 - 108記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 - 118記 | 100.1 7 200 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1014 7 10 | Trens 71-ptc 2006 Trens 8pc 2002-(Trens 8pc 2002-(Trens 11-1-ptc 200 Trens 9pc 2003-(Trens 9pc 2009-(Trens 9pc 2009-(Trens 9pc 2009-(Trens 9pc 2019-(Trens 9pc 2012-(Trens 9pc 2013-(Tre | ## | 8 kg - 8.24 - 7.90 - 8.02 - 9.83 - 8.28 - 10.28 - 8.12 - 7.51 - 8.47 - 6.46 - 8.23 | 8.01 8.04 8.08 8.07 7.93 8.12 8.08 8.14 8.10 8.25 | 103Å 97% 99% 119½ 102% 103Å 83Å 106Å 106Å 97% | - 14 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Figh Lo. 08(3) 99 1132 94 04(4) 95 05(4) 95 05(4) 97 117(5) 99 117(5) 103 117(6) 95 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 117(6) 103 | Index 133 443 243 243 243 243 243 243 243 243 2 | pc 9611 | (135.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (79.9) (| 1.37 2.15 3.36 3.54 3.56 3.56 3.70 3.69 3.69 3.69 3.69 3.69 3.69 4.69 4.69 4.69 4.69 4.69 4.69 4.69 4 | 2.68 11 3.64 17 3.69 173 3.71 11 3.76 163 3.78 10 3.89 17 3.80 11 3.80 11 3.80 11 3.80 11 3.80 10 3.80 | 1255 | High Law 113.4 110.3 180.6 173.5 180.6 173.5 180.1 173.5 180.1 173.5 180.1 173.3 185.5 175.5 180.1 173.3 185.5 180.5 18 |
| Notes Notes | | 05 100 å d \$1 2184 \$0 1013 å d \$5 1043 \$0 10017 \$0 | Mg | 100.1 7 1013. 7 1013. 7 1013. 7 1013. 7 1013. 7 1013. 7 1013. 7 1013. 7 1014. 7 104. 7 | Ivess 71-poc 2006 Ivess 8pc 2002-4 Ivess 1114-pc 200 Ivess 1214-pc 200 Ivess 1214-pc 200 Ivess 1215-pc 200 Ivess 120-200 Ivess 1 | 5# 13-7 14-8 14-8 10 12# 12# | 8 kg - 7.94 - 7.94 - 8.02 - 9.83 - 8.23 - 8.45 - 7.51 - 8.47 - 8.23 - 8.12 - 7.51 | 8.01 8.04 8.07 7.93 8.12 8.08 8.10 8.25 0.27 8.03 8.29 8.29 8.29 | 103A 975 975 991 1191 1313 105A 105A 105A 1065 77E 97A | - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 | 19 Lo 19 Lo 19 19 19 19 19 19 19 19 19 19 19 19 19 | 13 Index 13 44 14 25 14 25 15 25 16 25 17 25 17 25 17 25 17 25 18 25 19 25 19 25 10 25 | pc 16th pc 171 pc 175 p | (135.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (79.9) (| 1.37 2.15 3.36 3.54 3.56 3.56 3.70 3.69 3.69 3.69 3.69 3.69 3.69 4.69 4.69 4.69 4.69 4.69 4.69 4.69 4 | 2.68 11 3.64 17 3.69 173 3.71 11 3.76 163 3.78 10 3.89 17 3.80 11 3.80 11 3.80 11 3.80 11 3.80 10 3.80 | 1255 | High Lew 119.4 119.2 119.5 179.3 119.5 179.3 119.5 179.3 119.5 179.3 119.5 119 |
| Notes Notes | | 05 100 å d 21 2184 90 1013 åd 95 1045 90 1013 30 1003 30 1003 42 1113 42 1113 42 1113 1007 97 1113 åd 10 1007 12 1005 12 1005 12 1005 13 105 14 105 15 903 16 105 17 105 18 105 | Mg | 100.1 7 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1014 1 1 | Tween 7-200 2006 Trees 3-2 2002-(Trees 11-1, pc 200 Trees 3-2 2002-(Trees 11-1, pc 20 Trees 3-2 20 2009-(Trees 0 14-20 2009-(Trees 0 14-20 2009-(Trees 9pc 20012-(Trees 9pc 2012-(Trees 9p | ## | 8 Nt 24 - 7.80 - 7.94 - 8.02 - 8.28 - 10.26 - 10.26 - 10.26 - 7.51 - 8.45 - 7.11 - 8.23 - 8.23 - 8.23 - 8.23 | 8.01 8.04 8.07 7.93 8.12 8.08 8.14 8.25 8.25 8.25 8.25 8.30 8.30 8.32 8.32 | 103& 964 975 991 1191 105 | | Figh Lo. 1991 1991 1994 1934 1994 1934 1994 1934 193 | 13 44, 22, 24, 24, 24, 24, 24, 24, 24, 24, | pc 16th pc 171 pc 175 p | (135.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (78.9) (79.9) (| 1.37 2.15 3.36 3.54 3.56 3.56 3.70 3.69 3.69 3.69 3.69 3.69 3.69 4.69 4.69 4.69 4.69 4.69 4.69 4.69 4 | 268 1: 3.64 1: 3.69 173 3.67 171 1.72 16 3.78 13 3.78 13 3.89 12 3.89 12 3.89 11 3.82 11 3.82 11 3.82 14 3.82 | 1255 | High Law 113.4 110.3 180.6 173.5 180.6 173.5 180.1 173.5 180.1 173.5 180.1 173.3 185.5 175.5 180.1 173.3 185.5 180.5 18 |
| Notes Notes | | 05 100 å d \$1 2184 \$0 1013 å d \$5 1043 \$0 10017 \$0 | Mg | 100.1 7 210 1 1043 7 10 | Ivess 71-poc 2006 Ivess 8pc 2002-4 Ivess 1114-pc 200 Ivess 1214-pc 200 Ivess 1214-pc 200 Ivess 1215-pc 200 Ivess 120-200 Ivess 1 | ## | 8 Nt 24 - 7.80 - 7.94 - 8.02 - 8.28 - 10.26 - 10.26 - 10.26 - 7.51 - 8.45 - 7.11 - 8.23 - 8.23 - 8.23 - 8.23 | 8.01 8.04 8.07 7.93 8.12 8.08 8.14 8.25 8.25 8.25 8.25 8.30 8.30 8.32 8.32 | 103A 975 975 991 1191 1313 105A 105A 105A 1065 77E 97A | - 1 | Figh Lo. 1991 1991 1994 1934 1994 1934 1994 1934 193 | 13 badas 13 45 45 20 20 20 20 20 20 20 20 20 20 20 20 20 | pc 1614 pc 1614 pc 161 | (135.9) (71.9) (| (1) 1.37 2.15 3.36 3.48 3.58 3.58 3.58 3.70 3.69 3.69 10 1 | 23 Prior 23 | 1255 | High Low 119.5 119.5 119.5 129.1 179.5 129.1 179.5 129.1 179.5 129.1 179.5 129.1 179.5 12 |
| Notes Notes | | 05 100 å d \$1 2184 \$0 1013 å d \$5 1043 \$0 10017 \$0 | Mg | 100.1 7 210 1 1043 7 10 | Ivess 71-pc 2006 Ivess 8pc 2002-4 Ivess 8pc 2002-4 Ivess 8pc 2002-4 Ivess 131-pc 20 Ivess 9pc 2003-4 Ivess 9pc 2003-4 Ivess 9pc 2003-4 Ivess 9pc 2012-4 Ivess 9pc 2013-4 Ivess 71-pc 2012 Ivess 8pc 2013-4 Ivess 81-pc 2013-4 Ivess 81 | ## | 8 kg - 7.80 - 7.94 - 8.02 - 8.28 - 10.28 - 10.28 - 10.27 - 7.51 - 8.47 - 8.45 - 7.11 - 8.23 - 8.23 - 8.24 - 9.04 | 8.01 8.04 8.07 7.93 8.12 8.00 8.14 8.10 8.25 0.27 8.25 0.27 8.30 8.30 8.30 8.32 8.36 | 103A 9754 9754 11912 102H 13132 105A 83A 1065 974 9412 974 1044 132H | - 2 | Figh Lo. 1997 | 13 Index 13 | per 1841 per 193 per 194 per 1 | (M) (135.9) (135.9) (135.9) (135.9) (135.9) (135.1) (1 | (1) 1.37 1.15 1.15 1.38 1.48 1.58 1.58 1.58 1.59 1.69 1.69 1.69 1.69 1.69 1.69 1.69 1.6 | 23 Prio 25 Pri | 1255 - 5.7834 + 5.183 | High Low 1194, 1192, 1193, 1294, 12 |
| Notes Notes | Yeld int | 05 100 å ad sign 2184 v. 00 100 å ad sign 2184 v. 00 100 å ad sign 200 100 å 30 100 å 42 111 å å 42 110 å 40 11 | ## 100년 100년 100년 100년 100년 100년 100년 10 | 100.1 7 210 1 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1014 7 10 | Ivess 71-pc 2006 Ivess 8pc 2002-4 Ivess 8pc 2002-4 Ivess 8pc 2002-4 Ivess 131-pc 20 Ivess 9pc 2003-4 Ivess 9pc 2003-4 Ivess 9pc 2003-4 Ivess 9pc 2012-4 Ivess 9pc 2013-4 Ivess 71-pc 2012 Ivess 8pc 2013-4 Ivess 81-pc 2013-4 Ivess 81 | ## | 8 kg - 7.80 - 7.94 - 8.02 - 8.28 - 10.28 - 10.28 - 10.27 - 7.51 - 8.47 - 8.45 - 7.11 - 8.23 - 8.23 - 8.24 - 9.04 | 8.01 8.04 8.07 7.93 8.12 8.00 8.14 8.10 8.25 0.27 8.25 0.27 8.30 8.30 8.30 8.32 8.36 | 103A 9754 9754 11912 102H 13132 105A 83A 1065 974 9412 974 1044 132H | - 2 | Figh Lo. 1997 | B India | pc 1611 pc 103 pc 103 pc 103 pc 103 pc 104 pc 103 pc 104 pc 103 pc 113 pc 113 pc 113 pc 126 p | (135.6) (78.8) (78.8) (78.8) (78.8) (78.8) (78.8) (78.8) (78.8) (79.8) (| (1) 1.37 1.15 1.31 1.32 1.33 1.48 1.53 1.53 1.53 1.53 1.69 1.69 1.69 1.69 1.69 1.69 1.69 1.69 | 23 Price (2) Price (2) Price (2) Price (2) 2.58 17 3.57 17 3.77 11 3.72 11 3.7 | 1255 - 5.7834 + 5.183 | High Low 1194, 1192, 1193, 1294, 12 |
| Notes Notes | | 05 100 å ad 91 2184 00 1013 lad 105 104 3 00 1013 lad 105 3 00 105 | ## 100년 100년 100년 100년 100년 100년 100년 10 | 100.1 7 210 1 1013 7 10 | Ivens 71-pc 2005 Ivens 8pc 2002-(Ivens 8pc 2002-(Ivens 8pc 2002-(Ivens 131-pc 20 Ivens 9pc 2003-(Ivens 9pc 2003-(Ivens 9pc 2004-(Ivens 9pc 2012-(Ivens 9pc 2013-(Ivens 9 | ## | 8 let - 8.24 - 7.94 - 9.63 - 8.28 - 10.26 - 10.26 - 6.12 - 7.51 - 8.47 - 6.45 - 7.51 - 8.23 - 8.28 - 8.40 - 8.04 - 9.64 - 9.6 | 8.01 8.04 8.07 7.93 8.12 8.00 8.14 8.10 8.25 0.27 8.25 0.27 8.30 8.30 8.30 8.32 8.36 | 103A 9754 9754 11912 102H 13132 105A 83A 1065 974 9412 974 1044 132H | - 2 | Figh Lo. 199 199 | Bindand State Stat | pc 9611 pc 9611 pc 961 p | (1) (1) (1) (1) (1) (1) (1) (1) (1) (1) | (I) 1.17 215 231 338 348 348 348 348 348 348 348 348 348 | 23 Price (2) Pri | 1255 | High Low 119.5 192.5 19 |
| Notes Notes | Yeld int | 05 100 Å ad 99 218 Å 90 101 Å | ## 100년(4 전 100년 5년 5년 100년 5년 | 100.1 7 210 1 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1115 7 1013 7 10 | Ivens 7*2pc 2006 Ivens 8pc 2002-(Ivens 8pc 2002-(Ivens 8pc 2002-(Ivens 9pc 2003-(Ivens 9pc 2004-(Ivens 9pc 2004-(Ivens 9pc 2004-(Ivens 9pc 10) 14*2pc 201 Ivens 9pc 10) 2012-(Ivens 9pc 2 | 544 44 53-7 44 53-7 44 60 60 60 61 61 61 61 61 61 61 61 61 61 | 8 Nt 7.24 7.24 7.24 7.24 7.24 7.24 7.24 7.24 | Red 8 07 7.93 8.12 8.08 8.14 8.25 8.25 8.25 8.29 8.30 8.30 8.30 8.30 8.30 8.30 8.30 8.30 | 103± 664 664 992 1192 1192 1312 1312 1312 1312 1312 | 1 1 1 1 1 1 1 1 1 1 | 60년 60년 99 이 10년 94 이 10년 12년 103년 10년 10년 11년 11 | Binder State | pc 4611 pc 103 pc 104 pc 103 pc 104 pc 103 pc 104 pc 103 pc 104 pc 103 pc 104 p | (1) (1) (1) (1) (1) (1) (1) (1) (1) (1) | 13.77 3.15 3.26 3.24 3.25 3.26 3.25 3.26 3.27 3.27 3.27 3.27 3.27 3.27 3.27 3.27 | 23 Price (2) Pri | 1255 | High Low 119.5 192.5 19 |
| Notes Notes | | 05 100 å = 0 91 2184 90 1013 lad 105 1048 90 1013 90 1023 90 1023 90 1023 90 1023 90 1023 90 1023 90 1023 90 1023 90 1023 90 1113 å 90 112 å 90 113 å 90 113 å | ## 100년(4 전 100년 5년 5년 100년 5년 | 100.1 7 210 1 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1115 7 1013 7 10 | Trees 7-200 2006 Trees 7-200 2006 Trees 8pc 2002-4 Trees 11-12pc 200 Trees 8pc 2003-4 Trees 11-12pc 200 Trees 9pc 2003-4 Trees 0 144pc 200 Trees 9pc 2003-4 Trees 9pc 2012-4 Tre | 54 44 53-7 53-7 54 54 54 54 54 54 54 54 54 54 | 8 Nt | 8.01 8.08 8.07 3.8.12 8.08 8.10 8.25 0.27 8.03 8.28 8.28 8.28 | 1003-6-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5-5- | | 100 Lo | Bindand Adam Adam Adam Adam Adam Adam Adam Ada | pc 4611- pc 103 pc 103 pc 103 pc 103 pc 104 pc 103 pc 104 pc 113 pc 113 pc 113 pc 113 pc 113 pc 114 pc 2411 pc 2411 pc 2411 pc 2411 pc 3411 pc 3411 pc 3411 pc 3411 pc 20 00 342pc 11 13-2pc 20 00 342pc 11 11-2pc 20 00 11 11-2pc 20 | (1) (1) (1) (1) (1) (1) (1) (1) (1) (1) | (i) 1.17 2.15 2.31 3.38 3.48 3.14 3.29 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.50 3.70 3.70 3.70 3.70 3.70 3.70 3.70 3.7 | (2) Price (2) Price (2) Price (3) 13.64 11 3.69 173 3.77 11 3.72 11 3.80 11 3.82 11 3. | 1255 | High Low 119.4 119.2 119.5 129.1 119.6 119.1 119.6 119.1 119.6 119.1 119.6 119.1 119.6 11 |
| Notes Notes | | 05 100 Å ad 91 218 Å 90 1013 Å 90 1013 Å 90 1013 Å 90 1013 Å 90 1023 Å 90 103 Å | ## 105년 105년 105년 105년 105년 105년 105년 105년 | 100.1 7 210 1 1013 7 1013 7 1013 7 1013 7 1013 7 1013 7 1115 7 1013 7 10 | Ivess 71-poc 2006 Ivess 8pc 2002-4 Ivess 8pc 2002-4 Ivess 131-poc 200 Ivess 9pc 2008-3 Ivess 9pc 2012-1 Ivess 9pc 2012-1 Ivess 6pc 2013-1 Ives | 54 44 53-7 53-7 54 54-8 | 8 kg - 8.24 - 7.94 - 7.94 - 9.63 - 8.28 - 8.28 - 10.28 - 8.12 - 7.51 - 8.47 - 8.45 - 8.16 - 8.23 - 8.40 - 9.023 | Red 8.01 | 1003- 1003- 1003- 11912- 11912- 11913- 1 | | 60 Lo 199 | 13 India 4 4 5 2 4 4 4 5 2 4 4 4 5 2 4 5 4 5 2 4 5 4 5 | pc 4641 - ge 434 - ge 435 - ge | (1) (1) (1) (1) (1) (1) (1) (1) (1) (1) | 1.37 2.15 2.31 3.38 3.35 3.35 3.35 3.35 3.35 3.35 3.35 | 20 Prio (2) | 1255 | High Low 1194, 1192, 1193, 11 |

| | 19 | -0.1 | | 121.33 | | 3.78 | | | 7,52 | 7.4 | | 7.99 7.56 | 7,51 | 8.05 | 7,65 | 7.81 | 6.17 |
|---|--|--|-------------|--------------|--|--------------|---------------------|-----------------------------|--|-----------------|--------------|---|--|--------------------|---------------------------|--------------------------------------|-----------------|
| 6-15 years (19) 145. Over 15 years (9) 180. | | -0.2 -0.4 | | 146.22 | | 3,56 3,48 | | | 8,23 | 8.1 8.2 | | 6.12 <i>8.24</i> 6.13 8.31 | 8.19 8.26 | 8.18 6.18 | 8.34 8.38 | 8.28 8.32 | 8.42 8.35 |
| Irredeemables (6) 184. All stocks (57) 141. | | -0.6 | | 185.36 | 5.24 | 1.47 3.57 | | | 8.37 | 8.3 | 10 | 9.18 | | | | | |
| | | -02 | • | 141,30 | .200 | 9,01 | | | | | | 5% | | Inflatio | | _ | · |
| idex-linked | | | _ | | 2.2 | | | | | | | Yr. ago | | / 15 Mery | _ | | |
| Up to 5 years (1) 195. Over 5 years (11) 185. | | -0.0 0.0 | | 185.30 | | 4.43 1,81 | Over | i5 yra 5 yra | | .68 .79 | 2.65 3.80 | 3,41 3,62 | | | | .7B | |
| All stocks (12) 185. | | 0.0 | | 185,41 | | 1.86 | | | | | | | | | | | |
| verage gross redemption yields are | shown | above. | Соврси | n Bendso | Low: 0%-734%: M | acilum: 8 | %-10 % % | High; 1 | 1% and | OVE. | † Flot y | total year to | date. | | | | |
| T FIXED INTEREST | | | | IO May | ı 8 Yraga Hig | h' Lo | nw ^a | GIL7 | ' ED | GED | AC | TIVITY IN | IDICES | May 10 | May | 9 4 | Mary 8 |
| | | 92.19 | | | 04 93.15 96.3 | | .59 | | ged be | | 15 | 71.7 | 76.9 | 102.1 | 112 | | 102.9 |
| bred interest 111.85 111 for 1998. Government Securities high | | | | | 13 112.38 115.3 | | | | average | | 19 | 93.5 | 98.1 | 102.4 | 100 | | 95.8 |
| 5/10/26 and Found Interest 1926 SE | activity | y indices | rebas | ed 1974 | production as in the | a a ir i a p | T BACCO HAN | 20011-9 | - SAMPLE C | - Annahama | MOIL 10 | 3.01 (£1.01/2-4) | DM 3033 (0 | 301713j. Di | and love | Carrentining | 4 Octu |
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| | _ | | _ | | | _ | _ | | | | | | _ Payho | | | | _ |
| stad are the latest infamational bond boustel | Bid | Offer | | | to securically market | Lanest | prices at | - | Offer | - | Yield | | | Issued | Bld | Office C | *** V |
| S. DOLLAR STRAIGHTS | | | | | Sweden 6 97 | | 2500 | 105% | 105 ¹ e | | 3.80 | Abbey Netl Tro | esury A nn ø | | | 99 ¹ 4 | 2hg. Yl |
| obey Mail Treasury 612 03 1000 | 97 ³ 8 100 ³ 8 | 975 ₈ 1003 ₄ | 1,10 | 6.99 7.32 | United Kingdom 71 ₈ Volkswagen Intl Fin | 97 | 5500 | 104% | 104% | ᅽ | 3.68 | British Land 87 | 23 € | 150 | 0814 | 891 | _ig 140. |
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CURRENCIES AND MONEY

MARKETS REPORT

Dollar firmer as market revises Japan outlook

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The dollar yesterday finished firmer against the yen as the market revised its expectations for Japanese coonetary policy, helped by cocoments from senior officials.

Analysts said there was evidence of a retreat from the near certain view that Japa-oese short-term interest rates would rise in June. This was assisted by comments from Mr Eisuke Sakakibara, the influential finance ministry official, that Japan shared the US's interest in a stronger dollar.

The dollar also received some verhal support from Mr Jean Boissonnat, a coecoher of the Bank of France coocetary council, who followed the recent Bundeshank line of affirming the desirability of a firmer dollar.

The dollar finished in London at DM1.5341, from DM1.5368. Against the yen it closed at Y106.855, from Y105.950.

The yeo was also considerably weaker against the D Mark. finishing at Y69.45, from

The D-Mark was helped by the Bundesbank's decision to keep the repo rate fixed at 3.3 per cent for a further two weeks. It closed little changed against the French franc at FFr3.386, from FFr3.383.

Sterling had an uneventful day, closing at DM2.3212, from DM2.3287. Against the dollar it finished at \$1.5131, from

■ The initial shape of European trading was shaped by overnight developments in Tokyo. Mr Mike Gallagher, analyst at IDEA in London, said he believed that sentiment was already shifting ahead of

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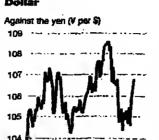
the comments from Mr Sakakibara and Mr Yasuo Matsushita. "There was increasing realisation that we had reached the point of looking at a tightening in June as a virtual certaioty, but this was not validated by the Ministry of Finance. The

market is coming back to a

ooore realistic expectation."

The official comments could only have lent further momenturn to this shift. Mr Matsushita said the economy still needed sufficient monetary support" while Mr Sakakibara said the market ooight be misreading the situation if it thought Japanese rates would

Mr Gallagher said the reas sessment of the yen appeared to be being led by US hedge funds. He forecast that the current coove could extend as far as Y108, but said the rally was vulnerable to renewed signs of strength in the Japanese econ-



Commission figures on growth, including deficit projections for 1997, critical to whether EU countries will meet the Maastricht convergence criteria. had little market impact. Ms Alison Cottrell, analyst of Paine Webber in London, said this illustrated the extent to which the market now believed

the whole Maastricht process

result, the commission figures had simply taken on the status of another forecast.

She said some of the assumptions made by the Commission also raised credibility problems. In the case of Germany. for exacople, the 2.9 per cent hudget deficit forecast in 1999 takes as given that the govern-ment's ambitious fiscal consolidation package will succeed.

Figures showing that the German government would undershoot earlier revenue forecasts for 1996 and 1997 also hod limited impact because they had been widely leaked. Ironically, said Ma Cottrell. although they are "bad" news from one perspective, these figures do strengthen Chancellor Kohl's hargaining position with spending ministries and public sector unions.

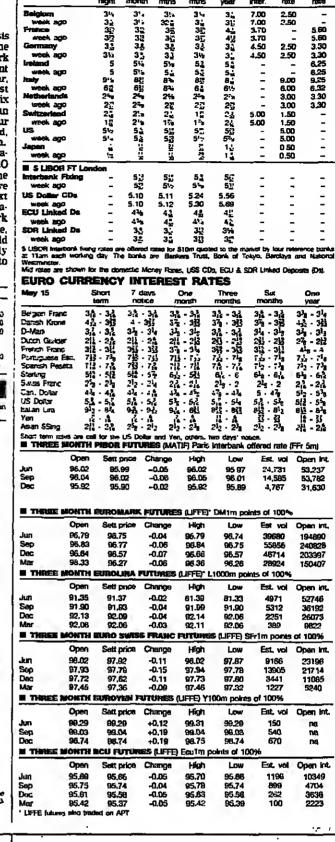
Mr Gallagher said onarkets recognized split over whether the Bundesbank was now seeking D-Mark consolidation, or whether the D-Mark bear story remained intact Figures from to he a political onc. As a

DOLLAR SPOT FORWARD AGAINST THE BOOL AT THE STATE OF

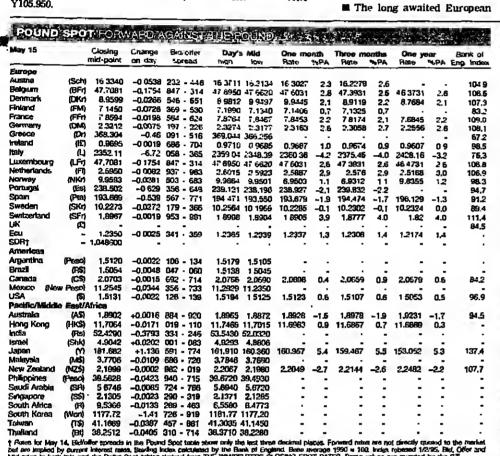
4CAST, the financial analysis group, show that since the turn of the year, the D-Mark has lost coore than 10 per cent against the Australian dollar, about eight per cent against the Italian lira, more than six per cent against the Canadian and US dollars, and over four per cent against the pound, frish punt and Swedish krona. Mr Tony Norfield, UK trea-

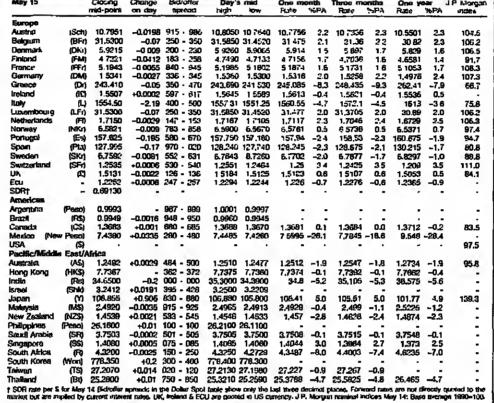
sury economist at ABN-AMRO in London, reckons that the dollar is unlikely to move above DM1.55-56 in the next few weeks. Looking at the rela-tionship between the S:D-Mark rate, and the D-Mark/yen rate, he concludes that this could only happen in the unlikely event of the D-Mark falling to

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WORLD INTEREST RATES





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| Denmark | (DKr | | 10 | 8.771 | | 1.081 | 2625 | 2.896 | 11.11 | 266.2 | 219.2 | 11.42 | 2,117 | 1.119 | 2.310 | 1.589 | 179.9 | 1.379 |
| Prance | (F)Fr | | 11,40 | 10 | | 1.233 | 2993 | 3 302 | 12.67 | 303.5 | 246.5 | 13.02 | 2.414 | 1.272 | 2.634 | 1.925 | 205.1 | 1.571 |
| Germany | (C)M | | 3.860 | 3.386 | | 0.417 | 1013 | 1.116 | 4.291 | 102.8 | 83.46 | 4.408 | 0.817 | 0.431 | 0.892 | 0.662 | 89.4S | 0.532 |
| (radinged) | (RE | | 9.247 | 8.110 | 2.395 | 1 | 2427 | 2.679 | 10,28 | 246.1 | 198.9 | 10.56 | 1.958 | 1.032 | 2,136 | 1.561 | 166.4 | 1,275 |
| Itely | (L | | 0.381 | 0.834 | | 0.041 | 100. | 0.110 | 0.423 | 10.14 | 9.236 | 0.435 | 0.081 | 0.043 | 0.088 | 0.064 | 9.854 | 0.053 |
| Netherlands | | | 3.453 | 3.029 | | 0.373 | 906.4 | | 3.838 | 91.91 | 74.64 | 3.942 | 0.731 | 0.385 | 0.798 | 0.583 | 62.12 | 0.476 |
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| Portugal | Œ | | 3.757 | 3.295 | | 0.406 | 986.2 | | 4,178 | 100. | 81.22 100. | 4.289 5.281 | 0.795 | 0.519 | 1,069 | 0.781 | 83.22 | 0.516 0.638 |
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| Sweden | (SKr | | 6.750 | 7.682 | | 0.847 0.511 | 2298 1240 | 2.537 1.368 | 9.735 5.250 | 125.7 | 102.7 | S.393 | 1,034 | 0.527 | 1.091 | 0.798 | 84.98 | 0.651 |
| Switzerland | SF | | 4.723 | 4.143 | | 0.969 | 2352 | 2.595 | 9.959 | 238.5 | 193.7 | 10.23 | 1.897 | 1 | 2.070 | 1,513 | 161.2 | 1.235 |
| UK . | 3 | | 8.960 | 7.859 | | 0.468 | 1136 | 1,254 | 4.811 | 115.2 | 93.57 | 4.942 | 0.919 | 0.483 | 1 | 0.731 | 77.87 | 0.587 |
| Canada | (CS | | 4,329 5,922 | 3.797 5.194 | | 0.640 | 1555 | 1.715 | 6.682 | 157.6 | 128.0 | 6.761 | 1,254 | 0.661 | 1,368 | 1 | 106.5 | 0.816 |
| us | AS | | 5.558 | 4.975 | | 0.601 | 1459 | 1.610 | 6.178 | 148.0 | 120.2 | 6.346 | 1,177 | 0 620 | 1.284 | 0.939 | 100. | 0.766 |
| Japan Ecu | (X | 29.60 38.83 | 7.255 | 6.364 | | 0.785 | 1904 | 2.101 | 9.064 | 193.1 | 156.9 | 9.283 | 1.536 | 0.810 | 1.676 | 1.225 | 130.5 | 1 |
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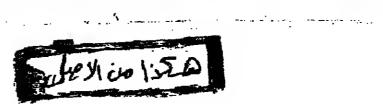
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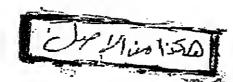
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UK stocks in good form as Wall St nears record

By Stave Thompson, UK Stock Market Editor

Wall Street was again mainly responsible for the continuing strength of the UK equity market, with share prices in London ending a lively session only a fraction off the day's best levels.

The Dow Jones Industrial Average abot up 42 points on Tuesday evening and made rapid progress at the outset of trading yesterday. posting a gain of some 45 points within an hour of the start.

The US market drew much of its latest strength from a good early of some none too inspiring eco-

ing out that Wall Street is now only 50 points short of its all-time closing record, reached oo April 3, said Lon don could not resist the upward pressures from the US.

The FT-SE 100 closed 16.5 higher at 3,776.2 for a two-day gain of 37 points, or 1 per cent. The strength across the leaders did not carry over into the rest of the market. however. The FT-SE Mid 250, modestly ahead in the morning, eventually settled 1.0 down at 4,508.8.

Turnover at 6pm was \$39.8m shares. London lacked support from the gilts market and never recovered from an uncertain start, closing with widespread losses in the wake

of a series of disappointing economic news items.

These included a higher than forecast increase in underlying average earnings for March which, at 3.75 per cent on an annualised basis, was said by observers to rule out any lingering chances of a further reduction in UK interest rates

The earnings report added to the market's unease which became apparent after the Bank of England warning on inflationary trends was published on Tuesday.

Some of the market's super optimists made the point, however, that anything is possible with a general election just around the corner. The potential for share huybacks. one of the big positives for the market last year, was illustrated at the outset of trading when PowerGen, a late strong performer on Tuesday, confirmed its intention of buying back 10 per cent of its own shares, financed by the sale of its stake in Midlands Electricity.

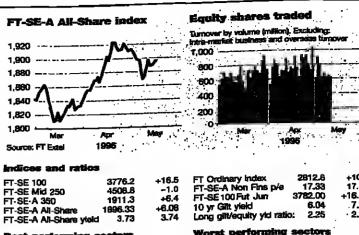
Argyll, the Safeway supermarkets group, was another company to announce huyback news, telling shareholders of its intention to buy in 10 per cent of its own stock.

The hig winners among the leaders, however, were the banks, which responded to a positive change of heart by stockbroker ABN-Amro Hoare Govett, plus continuing rumours of imminent take-

over action concerning Bank of Scotland, Royal Bank of Scotland and Standard Chartered. Dealers said much of Tuesday's hectic activity, certainly in Royal Bank of Scotland, was down to the expiry of individually tailored stock options. Grey market dealings commenced

yesterday in Railtrack shares. IG Index said the stock opened at 209p before slipping back to 205p. Official trading starts on Monday.

Oil shares were heavily bought, led by Shell Transport, where the shares hit another all-time high ahead of today's presentation to analysts, which is expected to contain news of more cost cutting and the potential for a share split.



17.30 +16.007.98 2.22 Oil: integrated Mineral Extraction ...+1.9 ...+1.6 -0.9 Oti Exploration & Prod Banks: Retail -0.7 -0.a Paper: Pckg & Printing

All-time high for Shell

Prospects of radical restructuring sent Shell Transport shares rocketing to an all-time closing high yesterday. The company is to start its annual international roadshow of presentations to analysts today, commencing with London.

There is an argument that it will use the occasion to announce big cost cutting in its European downstream operations. Although the numhers are hard to quantify because Shell does not break up its results sufficiently, some analysts believe Shell could reduce its European costs by up to 40 per cent.

The company is expected to cut staff and sell one or two refineries.

Merrill Lynch has been citing potential cost cuts as one reason to recommend the shares aggressively. It has told institutional investors that the stock is worth buying at up to 970p a share.

There was further support from a strong oil price, a comforting annual meeting statement yesterday, and a belief that disappointing fourth-quarter figures at the end of last year were an anomaly. There has also been strong buying in the US.

Consequently, the stock moved rapidly up the Footsie rankings with an advance of 25

Electronics group Amstrad, a

an institutional visit, crashed lower on news that Dancall, its mobile handsets business, would not make a profits con-

tribution this year. Most analysts took a savage knife to their forecasts, and the shares reacted with equal vio-lence. The stock ended as the day's heaviest faller, off 321/4 at 1731/ap in above average turn-

NatWest Securities had pencilled in £5m from Dancall for this year. But with the handset maker facing a price squeeze from industry oversupply, the broker has cut its estimate of total Amstrad profits for 1995-96 from £12m to £6.5m.

NatWest has also trimmed for next year, coming back hy £4.5m to £22m. However, volume growth at Dancall remains impressive, "Amstrad is a quality stock, long term," the broker said.

Heavy derivatives trading in motor engineer Lncas Industries sent a buzz through the market. The shares ended 2 better at 233p in 4.6m trade. but it was the action in the option pits that caught the eye. Lucas announced that it was

in joint venture talks with Varity, of the US, earlier this month, since when speculative interest in the shares has been intense. Rumours of a countermove within the industry have been rife, with Siemens, of Germany, topping most brokers' lists of possible predators. Yesterday's options volume,

the equivalent of 11.4m shares, appeared to be mostly made up of one big straddle trade of 5,000 lots. "It is a very positive punt," said one top options

Bank stocks moved higher as strong market lately following ABN Amro Hoare Govett raised its recommendation on the sector and one leading US hroker was said to have carried out hig business in tailor-made

options. ABN moved to "hold" from "undervalued" on the sector and stressed its continued sunport for Lloyds TSB and Barclays, which it considers the cream of the crop. Lloyds TSB added 81/2 at 323p and Barclays 121/4 at 775p.

A results meeting described as a curate's egg saw Power-

Gen retreat 10 to 537p. The market had been worried that the company might refuse to carry out the £1.7bn sale of three power stations. PowerGen was less aggressive than feared and the shares were np 10 in early trading.

However, analysts had also factored in a 100p a share return to shareholders. In the event, PowerGen said it was prepared to hand back about half that amount, and then knock as regulatory worries caught up with the stock.

not for several months.

Subsequently the shares

turned off, with additional

impetus from the overhang of

regulatory concern, which has

been revived by the tough rul-

ing on British Gas. The latter's

Airports group BAA took 8

shares dipped 61/4 to 1881/ap.

The company negotiates on pricing with the Monopolies and Mergers Commission every five years. It is talking with the MMC currently, and analysts expect the results of the price review to be made public in July. The shares finished 4 cheaper at 529p in above aver-

age turnover of 3.9m. P&O was also well dealt, touching a three-year volume peak of 11m as a big line of

stock changed hands. The company took analysts to Southampton on Tuesday for a cruise and container

update; and yesterday it sold FINANCIAL TIMES FOURTY INDICES

| | May 15 | May 14 | May 13 | May 10 | May 8 | Yr ago | "High | ZOW |
|--------------------|-------------|------------|------------|------------|------------|-----------|-----------|---------|
| Ordinary Share | 2812.6 | 2801.7 | 2794.5 | 2812.8 | 2784.5 | 2507.9 | 2685.2 | 2896.7 |
| Ord, div, yield | 3.95 | 3.96 | 3.98 | 3.96 | 4.00 | 4.26 | 4.06 | 3.76 |
| P/E ratio net | 16.56 | 16.48 | 16.42 | 15.48 | 16.35 | 16.13 | 17.25 | 15.96 |
| P/E ratio nil | 16.33 | 16.25 | 16.18 | 18.25 | 16,12 | 15.93 | 17.03 | 15.79 |
| Ordinary Share Ind | ex since co | mpilation; | high 2005. | 2 19/04/98 | i low 49,4 | 26/08/40. | Base Date | 1/7/35. |
| Ordinary Share | hourty ci | hanges | | | | | | |
| Open 9.00 | 10.00 | 11.00 1 | 2.00 13 | 3.00 14. | 00 15.0 | 0 18.00 | High | Low |

2809.7 2808.6 2812.1 2807.9 2808.8 2810.8 2811.4 2810.1 2810.0 2812.8 2806.8 May 15 May 14 May 13 May 10 May 9 Yr ago 31,222 1792,1 38,242 619.8 32,965 1725,3 37,890 703.8 34,710 1482.9 39,918 623.2 31,942 1977,4 37,877 648,5 25,072 1553.3 38,062 718.8

May 15 May 14 May 13 May 10 May 9 Yr ago "High "Low 1072,10 1073,50 1066,60 1065,10 1065,10 - 1075,00 965,68

| Rises and falls' | | 52 Week highs | and lows | LIFFE Equity optic | भाव |
|------------------|-------|---------------|----------|--------------------|--------|
| · Total Rises | 853 | Total Highs | 214 | Total contracts | 70,06 |
| Total Falls | 421 | Total Lows | 18 | Calls Puts | 34,92 |
| Seme | 1,482 | | | Puts | 35,141 |

its remaining 5 per cent stake its interims, with a number of marketmakers reducing their in Hong Kong's container terholdings. minal for £86m. The shares

ended off 2 at 518p. Biotechnology group Celltech jumped 38 to 673p, as it announced improved interim figures and said it had made important progress on several drug discovery programmes.

Conglomerate Wiliams Holdings shot ahead following news of £176m worth of French fire protection deals. The shares ended 7 better at 329p in 6m traded.

Courtaulds was the Footsie's star performer after BZW reiterated its buy stance on the stock, ahead of figures next week. The shares forged ahead 16 to 427p.

Food retailers were again a feature as Argyll Group published full-year figures.

However, the market was unexcited by the figures and one analyst said: "It is all a big yawn. It is all there, good profits, etc. but so what.

The shares, which have outperformed the market by around 8 per cent since the beginning of the year, lost 3 to 340p in heavy trade of 8.4m. Elsewhere in the sector,

Asda Group was a good trade and volume jumped to 20m as the shares edged forward ' to 118 ap. Sentiment was said to have been enhanced by a posttive presentation to investors on Tuesday at Kleinwort Ben-SOIL Tesco was reported to have made a presentation at the same meeting. The shares hardened 2 to 289p.

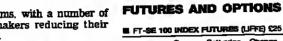
Marks and Spencer lost 51/2 to 429p, ahead of results due next week, for which there is a wide span of forecasts. Analysts are worried about weakesses in a number of lines, including ladies' outerwear. Innovations, the mail order

business, moved up 9 to 201p

on continuing speculation that a big rival might be interested

In the drinks sector, Greenalls plunged 2014 to 59014p after

T - SE Actuaries Share Indices

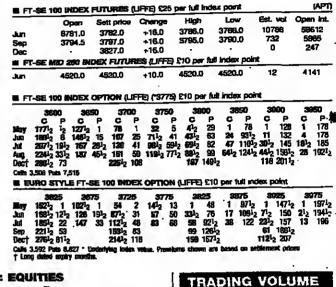


There was a large seller of Guinness, yet it was marked up 6 to 489p ahead of Grand Metropolitan's results due today, with the latter nudging

up a penny to 446p. Sparkling figures from Perpetual, the fund manager, saw the shares gain 100p to 2,458p. The dividend was lifted by 72

per cent. Eurodis Electron rose as an oversupply position unwound, following the placing of the 40 per cent stake in the group held by Swiss utility Elektrowatt. The shares improved 4 to 230p in 47m traded.

MARKET REPORTERS: Peter John, Joel Kibazo, Jeffrey Brown, Lisa Wood.



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| 160 | F.P. | 3.50 | 85 | 95 | Capital Co's VCT | 95 | | - | • | - | |
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| - | F.P. | 39.8 | 185 | | †Tradepoint Find | 185 | | - | - | | |
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| | 14 | on day | 13 | ago | yield % | ratio | High | Low |
| Gald Migres Index (31) | 2370,40 | +0.3 | 2362,73 | 1810.67 | 1.32 | _ | 2626.73 | 1722.93 |
| Regional Indices | | | | | | | | |
| Africa (13) | 3174.74 | +1.0 | 3143.76 | 2525.56 | 2.30 | 38.10 | 3553.86 | 2272.74 |
| Australasia (6) | 2662.11 | +0.8 | 2640.96 | 2252.41 | 2.50 | 28.26 | 2827.34 | 2096,51 |
| North America (12) | 2101.07 | -0.1 | 2102.22 | 1541.18 | 0.66 | 67.96 | 2166,39 | 1488.94 |
| Copyright, The Financial Times Limited, Figures in 31/12/92, 1 Partial Late | n brackets | Show ru | mber of c | ompanies | Breeks US Do | tradema plars. Be | ric of The se Values: | Financial 1000.00 |

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SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left. You see, refugees are just like you

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand. We know you can't give them back the things that others have taken away.



We're not even asking for money (though every cent certainly helps). But we are asking that you keep an

open mind. And a smile of welcome. It may not seem much. But to a refugee it can mean everything. UNHCR is a strictly humanitarian

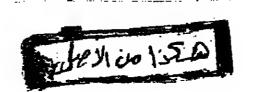
organization funded only by voluntary

contributions. Currently it is responsible for more than 19 million refugees around the world. **UNHCR Public Information** P.O. Box 2500

1211 Geneva 2, Switzerland

| | | | | Day's | | | | Year | Div. | Net | | Xd ad | |
|---|------------------------|------------------------------|--------------------|--------------|------------------------|-----------------|------------------------|------------------|------------------|------------------|----------------|-----------------|------------------|
| | | | May 15 | chge% | May 14 | May 13 | May 10 | 990 | yield% | COAdl | ratio | ytd | Retu |
| T-SE 100 | | | 3776.2 | +0.4 | | | 3754.4 | | 3.95 | 2.18 | 14.87 | 72.43 | |
| T-SE Mid 250 | _ | | 4508.8 | | | | | | 3.32 | 1.76 | | 77,90 | |
| T-SE Mid 260 ex I T-SE-A 350 | ny Trusta | • | 4546.4 1911.3 | -0.1 | | 4554.9 | | | 3.42 | 1.81 | | 82.94 | |
| T-SE-A 350 Higher | Vlold | | 1831.2 | +0.3 | | | 1903.1 1833.3 | | 3.80 5.07 | 2.06 1.90 | | 35.85 43.39 | |
| T-SE-A 350 Lower | Yield | | 1998.7 | +0.4 | | | 1980.4 | | 2.66 | 2.32 | | 28.59 | 1274 |
| T-SE SmallCap | | | 2236.43 | | 2232.68 | | | | 2.90 | 1.78 | | 24.68 | 1829 |
| T-SE SmallCap ex | | 13. | 2233.52 | +0.1 | 2230.76 | 2226.99 | 2221.99 | 1827.17 | 3.07 | 1.87 | | 25.79 | 1637 |
| T-SE-A ALL-SHARI | - | | 1896,33 | -0.3 | 1890.25 | 1882.84 | 1668.05 | 1620.79 | 3.73 | 2.04 | 16.41 | 34.39 | 1804 |
| I FT-SE Act | uaries | All-S | hare | | | | | | | | | | |
| | | | May 15 | Day's | May 14 | May 18 | May 10 | Year | Div. yiold% | Net | P/E | Xd adj | . Tot |
| 10 MINERAL EXT | RACTION | (24) | 3575.48 | +1.8 | 3509.65 | 3455,42 | 3474.70 | 2889.46 | 3.65 | 1.80 | 19.06 | 78.92 | 1540 |
| 12 Extractive Indus | tries(6) | | 4669.16 | | 4687.93 | | | | 3.48 | 2.50 | | 109.18 | |
| 15 Oil, Integrated(3 | | | 3590.27 | | 3506.74 | | | | 3.85 | 1.68 | 19.31 | 81.84 | 1566 |
| 1S Oil Exploration | 8 Prod(15 | | 2530.32 | +1.6 | 2460.23 | 248 <u>2.17</u> | 2471.93 | 2075.45 | 2.07 | 1.60 | 37.68 | 32.05 | 1522 |
| 20 GEN INDUSTRI | | | 2141.65 | | 2140.71 | | | | 3.96 | 1.89 | 16.69 | 33.60 | 1168 |
| 21 Building & Cons 22 Building Matte & | truction(3 | 4) | 1224.14 | | 1228.39 | | | | 3.37 | 1.80 | 20.68 | 16.11 | 1024 |
| 22 Building Matte & 23 Chemicale(25) | Morcist | 201 | 1872.45 2561.71 | | 1979.03 2534.75 | | | | 3.85 | 1.75 | 16.62 | | 997. |
| 24 Diversified Indus | thais(19) | | 1786.05 | | 1792.67 | | | | 3.68 5.79 | 1.68 | 16.63 | 37.65 44.82 | 1206 |
| 5 Bectronic & Bo | | 37) | 2445.31 | | 2448.43 | | | | 3.00 | 1.68 | 24.89 | | 1261 |
| 26 Engineering(71) | | | 2475.66 | +0.\$ | 2461.08 | 2459.40 | 2455.60 | 1925.30 | 3.09 | 2,49 | 16.22 | 28.63 | 1499 |
| 7 Engineering, Vel | nicles(13) | | 3039.B1 | | 3020.29 | | | | 3.51 | 1.89 | 12.89 | 48.83 | 1576 |
| 8 Paper. Poky & I P9 Textiles & Appa | raintingi20 nel/191 | 9 | 2785 96 1407.53 | | 2802.17 | | | | 3.65 | 2.03 | 16.83 | | 1160 |
| | | | | | 1410.53 | | | | 5.02 | 1.54 | 16.22 | 28.70 | 860, |
| 50 CONSUMER GO 52 Alcoholic Bever | | | 3494.79 2893.08 | | 3483.60 | | | | 4.01 | 1.85 | 16.87 | | 1295 |
| 3 Food Producers | | | 2476.77 | | 2871.43 : 2481.80 : | | | | 4.29 | 1.63 1.82 | | 58.02 55.04 | 1045 |
| 4 Household Goor | ds(15) | | 2686.72 | | 2693.37 | | | | 3.70 | 2.41 | | 51.90 | 1122 1029 |
| 6 Health Care(20) | | | 2069.27 | -0.7 | 2103.98 : | 2104.54 | 2104,59 | 1764.99 | 2.54 | 1.88 | | 27.65 | 1271 |
| 7 Pharmaceuticuls | (12) | | 4894.25 | | 4858.84 4 | | | | 3.48 | 1.65 | | 81.18 | 1665 |
| 8 Tobacco(1) | | | 4133.79 | <u>-0.5</u> | 4154.97 | 1160.38 | 4193,09 | 4124.24 | \$.15 | 2.00 | 10.18 | 155.18 | 1038 |
| 0 SERVICES(253) | | | 2529.77 | | 2581.72 2 | | | | 2.79 | 2.03 | 22.08 | 32.79 | 1314 |
| 1 Distributors(32) 2 Leisure & Hotels | UT378 | | 2926.07 3213.63 | | 2939,81 2 3217,90 3 | | | | 2.87 | 1.77 | 24.56 | | 1079 |
| 3 Medla(46) | MEG) | | 4270.54 | | 4264.81 4 | | | | 2.74 | 1.95 1.95 | 23,40 30.81 | 141.77 48.94 | 1730 1546 |
| 4 Retaliers, Food(| | | 2015.07 | | 2009.71 | | | | 3.76 | 2.33 | 14.28 | 18.54 | 1274 |
| 5 Retailers, General 7 Brawwies, Pubs | | | 2051.04 | | 2060.65 2 | | | | 2.95 | 2.20 | 18.32 | 18.64 | 1167 |
| 7 Breweries, Pubs 8 Support Services | | A) | 3138.61 2382.09 | | 3150 60 3 | | | | 3.19 | 2.07 | 18.89 | 16.79 | 1497. |
| 9 Transport(21) | A-21 | | 2440.30 | | 2363.50 2 3447.61 2 | | | | 1.92 3.56 | 2.46 1.40 | | | 1514. |
| O UTILITIES(33) | | | 2383.72 | | 2391.69 2 | | _ | | | | 25.10 | 22.66 | 1014. |
| 2 Electricity(12) | | | 2763 76 | | 2799.98 2 | | | | 5.27 5.27 | 2.03 | 11.66 | 48.63 137.11 | 1011. |
| 4 Gas Distribution | (2) | | 1271.58 | | 1313.1B 1 | | | | 9.42 | 1.36 | | 64.68 | 1330. 665. |
| 6 Telecommunicati | ions(7) | | 1992.33 | | 1971.67 1 | | | | 4.24 | 1.75 | 16.82 | 0.15 | 901. |
| 8 Water(12) | | | 2082.81 | | 2101.12 2 | | | | 5,86 | 2.59 | 8,25 | 3.91 | 1129 |
| 9 NON-FINANCIA | | | 2016,79 | | 2012.14.2 | | | | 3.74 | 1,93 | 17,33 | 34,94 | 1530. |
| O FINANCIALS(10) | 5) | | 2928.58 | +0.7 | 2907.45 2 | 882.27 | 878.26 2 | 358.18 | 4.08 | 2.63 | 11.69 | 70.71 | 1267. |
| 1 Banks, Roteli(8) 2 Banks, Merchant | HRS | | 3981.06 3535.24 | +1.1 (| 3937.32 3 3543.59 3 | 542.01 | 9671.32 3 3546 50 5 | 3174.73 | 3.91 | 2.89 | 11.07 | 107.54 | |
| 3 Insurance(23) | 4-4 | | 1522.86 | | 1518.78 1 | | | | 2.79 5.18 | 2.38 3.15 | 12.98 | | 1120. |
| 4 Life Assurance(6 | | | 3612.84 | -0.1 | 3617.11 3 | 608.02 | 608.87 2 | 2614,48 | 4.14 | 2.24 | 13.47 | 47.23 100.72 | 1153. 1514. |
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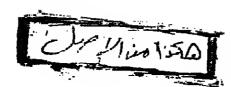
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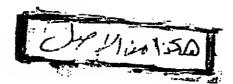
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Boost for tech stocks leads equities higher

Wall Street

Signs that computer sales remained strong boosted the technology sector and helped to lead the broader market higher at midsession, writes Lisa Bransten in New York.

Both the technology rich Nasdaq composite and the Standard & Poor's 500 posted gains, putting them on track to surpass the closing records set on Tuesday. The S&P was 2.26 stronger at 667.86 and the Nasdag had added 7.29 at 1,234.49

During morning trade, the Dow Jones Industrial Average came within 17 points of the closing peak of 5.689.74 set on April 3. By 1 pm, however, the Dow was off its session high and displayed a gain of 28.07 at 5,652.78. The American Stock Exchange composite edged up 0.91 to 801.69. New York SE volume had reached 272m

Leading the technology shares higher was Dell Com-puter, which reported after the market closed on Tuesday that its earnings rose 33 per cent to 84 cents a share in its first quarter, 11 cents ahead of the mean estimate from analysts. The computer maker climbed \$4% or 9 per cent to \$51%.

Applied Materials also announced stronger than expected earnings late on Tues-

Market

Brazil

Colombia¹

Asla China

Malaysia Pakistan^a Srl Lanka^a

Poland*

South Africa

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to \$39%. Earnings at the semiconductor company were \$1.01 per share, just a cent ahead of

internet-related companies were particularly strong on a spate of separate announcements. The Interactive Week index of Internet companies added 1.4 per cent in midsession trading

Netscape Communications. the Internet software company, was np \$4 or 6 per cent at \$70% after the company announced that Hewlett-Packard would include Netscape products in the software products that accompany its personal com-puters. HP shares added \$1%

PSINet, the internet service provider, appreciated \$1 or 6 per cent to \$18% after announcing that it had hired Merrill Lynch, the US investment bank, to help in the possible sale of an interest in the company. Netcom On-line Communication Services, another service provider, moved ahead

\$3% or 9 per cent to \$39%. The entire sector had posted good gains since late last month when MFS Communications, the specialty telecommunications company, agreed to acquire UUNet, another service

Elsewhere, Woolworth hardened \$% to \$19% after reporting a smaller than expected loss for the first quarter. The retailer revealed a deficit of 17 less than most analysts had

Toronto moved ahead to a new intra-day record high in late morning trade, bolstered by advances in consumer products, banks and golds. By noon, the TSE-300 index had edged back from a peak of 5,228.91, but it was still 17.51 up at 5,224.10 in very beavy volume of 62.6m shares.

Analysts noted strength in banks as investors sold base metal stocks to switch into interest rate-sensitive issues. Among energy stocks, which dominated the top 10 most active issues, Ranger Oil rose

30 cents to C\$9.90. QLT PhotoTherapeutics advanced C\$2.20 to C\$29.80 on news that its light therapy could be used to treat eye diseases. Potasb Corp of Saskatchewan jumped C\$4.60 to C\$91.20 in moderate trading.

SOUTH AFRICA

Johannesburg was mixed, with industrials reversing sharp early gains on profit-taking and golds firm on a marginally better bullion price. The overall index ended 19.0 down at 6,826.0, industrials finished 44.3 lower at 7,952.9 and golds Beers shed 50 cents to R143.

Local currency terms

May 10 % Change % Change 1996 over week on Dec '95

Kaufhof stands out in sleepy Frankfurt

On the run-in to today's Ascension Day holiday, senior bourses were unwilling to respond to yesterday's touch on the Wall Street accelerator.

FRANKFURT was lethargic after the Bundesbank left key interest rates unchanged, the Dax index ending 6.20 higher at an Ibis-indicated 2,534.40. Turnover eased from DM8.9hn to DM8.3bn.

Kaufhof stood out with a rise

of DM13 to DM512; its quoted partner in the Metro merger Asko, put on DM15 at DM975. Both retailers were up 7.1 per cent on the month, against a Dax gain of just 1.7 per cent. Mr Harry Christopoulos at BZW in Frankfurt said his fair value estimates for the stocks were DM631 and DM1.277 respectively, indicating discounts of 19 and 24 per cent at

last night's prices.

PARIS concentrated on individual stories as the CAC-40 index advanced 2.56 to 2,124.64. Renault continued to suffer on news that the government's stake in the vehicle manufacturer was to fall below 50 per cent. The shares lost FFr1.70 to FFr146.30. James Capel observed that the government's sale was symbolic, although the group's other minority shareholders, such as Elf Aquitaine, Lagardere, BNP and Rhone-Poulenc, would

probably benefit from being

Schneider, the electrical and construction group, which first-quarter sales, rose FFr7.20 or 3 per cent to FFr243.2, while Docks de France recovered from Tuesday's beavy fall, putting on FF173, or 7.5 per cent, at FFr1,054. Another gainer was Lafarge, ahead FFr16.10 at FFr346.80 on better than expec ted first-quarter sales data. Usi

nor Secilor made FFr2.15 to FFr84.75 on a similar story. MILAN paused after the rally of the previous four sessions, swaiting tomorrow's options expiry, and the Comit index eased 1.53 to 665.42.

Parmalat, the dairy products and foods group, dropped 7.5 per cent in early trade before picking up to close L63 lower at L1,727 on Tuesday's unexpected news that it was planning a rights issue to raise at least L500hn to cut debt and fund further expansion.

Mr Roberto Bogoni et Merrill Lynch stayed cautious on the stock: he cited a sharp reduction in its dividend, indicating a desperate need for cash; the capital increase and earnings dilution; and uncertainty about the allocation of the new financial resources.

remained on its recent roll, adding L106 at L7.138. ZURICH looked to a drinks

maker and a subsidiary of

Toyota, gained Y100 at Y2,270

on its announcement that it

will purchase Y20bn worth of

its own stock this year, Indi-

viduals bought Copal, a cam-

era shutter maker, which rose

Y100 to Y1,110.

Roundup

forward Y120 to Y8,350.

Among the winners, Eni

sector merger for excitement able to increase their holdings, as the broad market gave up

FT-SE Actuaries Snare Indices THE EUROPEAN SERIES 13.00 14.90 15.00 Close FT-SE Europeack 100 1681.79 1681.44 1661.60 1681.07 1681.32 1682.01 1682.38 1682.60 FT-SE Europeack 200 1729.85 1729.27 1727.56 1727.79 1728.01 1729.63 1731.53 1729.27 May 14 May 13 May 10 May 9 1657.68 1712.90 1652.44 1704.49 1666.58 1714,61

early gains on profit-taking and a weak domestic hond market, and the SMI index shed 9.9 to 3,572.5.

Shares in Huerlimann, the brewer, were punished as the market adjusted prices for the planned merger with the country's largest beverage group, Feldschloesschen.

Although the industrial logic of the move was regarded as positive for both companies. analysts said that the fall in Huerlimann's shares was a reaction to the complexity of the transaction. Investors were also disappointed that the merged group would maintain three types of securities, bearer, registered and participation certificates, countering the recent trend towards sim-

plifying share structures. Huerlimann's certificates plunged 8.6 per cent to SFr425, the hearers declined 7 per cent to SFr4.650 and the registered were down 6 per cent to

Feldschloesschen's thinly

traded participation certificates were up 9.1 per cent to SFr1,200, while the more liquid bearers and registered were unchanged.

AMSTERDAM was winding

down for today's holiday, while the expiry of options tomorrow was an added factor in keeping activity quiet. Royal Dutch provided an exception with a gain of F1 8.30 to F1 263.70 following forecasts of a rise in US petrol prices and an increase in demand during the summer. The AEX index closed 1.02

firmer at 558.93. Another good move was recorded by Ballast Nedam, up

F15.30 at F174.80, as a broker raised its recommendation on the stock owing to the building and dredging group's promising order book. **HELSINKI** again featured

the apparently unstoppable Raisio which roared another FM40 higher to FM271 as the Hex index picked up 23.76 to 1,990.69, in OSLO, where the total index eased 2.25 to 818.78,

A added NKr0.50 at NKr142.50 and Hafslund A dipped NKr450 to NKr52. Uni Storebrand loss NKr0.80 to NKr29.10 on results COPENHAGEN was flat, the KFX top 20 index rising 0.17 to 113.76 as FLS picked up another DKr4 to DKr612 tak ing its rise since the start of the year to 40 per cent. STOCK. HOLM saw the debut of Swedish Match, up SKr21.90 from an opening SKr20 as the Affars världen General index rose 28 to 1,973.1.

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35

ATHENS saw OTE, the privatised telecoms stock, react to the threat of court proceedings involving a contract with a switch supplier. The stock, expected to enter the general index next week with an-11 to 12 per cent weighting, fell helow its IPO price, closing Dr40 lower at Dr3,980, after a high of Dr4,560 on April 22. The index itself closed 7.36 lower at 911.97.

ISTANBUL slid by 4.7 per cent after the Islamist opposition succeeded in having Turkey's constitutional court invalidate a March confidence vote in the Conservative coalition. The composite index picked up from a morning low of 63,270, but it still lost 3,206.41 at 64,562.11.

Written and edited by William Cochrane, Michael Morgan and

Nikkei climbs 3.5% in biggest rise this year

Buenos Aires ahead 2% by noon

generally muted.

+6.3 +4.9 +18.9

+25.3 +15.6

Indices are colculated at anti-week, and weekly changes are percentage movement from the previous Friair. Base date: Dec 1985-100 except those noted which are: (I)Feb 1 1991; (Sides 31 1992; (Sides 5 1990; (Sides 5 1990; Sides 31 1992; (Sides 4 1991; (Tifles 6 1990; Sides 26 1990; Sides 1 1991; (Tifles 6 1990; Sides 26 1990; Sides 1 1991; (Tifles 8 1992; Tifles 8 1992; (Tifles 8 1992; Tifles 8 1992;

Malaysia has been chosen by Mr Alan Butler-Henderson. Asian strategist for ING

Barings, as the pick of the region. Mr Butler-Henderson believes that the ringgit, the

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

% Change % Change over week on Dec '95

1996

342,48

648.31

271.03 57.51

138.33 100.72

126.99 324.13

109.51 384.41 140.96

161.05

231.90

FT/S&P ACTUARIES WORLD INDICES

A rally in ADRs helped BUENOS AIRES to a midsession gain of 1.9 per cent. The Merval index was up 11.65 at 595.83. Brokers noted that the ADRs of YPF, the oil group, were 3 per cent ahead in early dealings on Wall Street. They also said that hopes for an upturn in the econ-

omy were helping sentiment. SAO PAULO, which had risen nearly 1 per cent on Tuesday, continued to gain ground, the Bovespa index adding 521.18 at 54,802 by midsession. Investors were encouraged by a vote in the lower house which had approved a bill regula-

(631) (23) (145) (35) (83) (76) (44) (123) (25) (72) (236) (47)

ting the opening up of cellular, satellite and wireless communications.

Analysts said first-quarter results from Telebras later in the session could provide additional support. Brokers' estimates were for profits of between \$400m and \$600m.

MEXICO CITY started slightly weaker as

investors took profits and by midsession the IPC index was 32.22 points easier at 3,218.11. A fall in domestic interest rates late on Tuesday provided some support, but activity was

1,273,71

1,219,07

1,729,19

60.47

141.08 125.56

1,161.15 131.75

Equities scored their biggest daily gain this year, the Nikkei average climbing 3.5 per cent as receding concerns over an imminant interest rate rise combined with technical influences and a further gain in the dollar against the yen, writes Emiko Terazono in Tokyo.

22,055,97, having touched 21,371,38 and 22,060,79. Worries over rising Interest rates receded due to the Bank of Japan's generous infusion of funds into the money market on Tuesday, which pushed the overnight call rate to match its record low of 0.39 per cent.

ther, said Mr Yasuo Ueki at

Volume was 542m shares, against 291m. Overseas inves-tors, recently inactive, bought steels and shipbuilders, while individuals continued to trade

-5.4 +75.4

Nikkei 300 by 7.39, or 2.4 per cent, to 312.77. Advances outpaced declines by 1,038 to 114, with 84 issues unchanged.

Barings, as the pick of the region. Mr Butler-Henderson believes that the ringgit, the Malaysian currency, will appreciate significantly during the rest of the year, but that dumestic interest rate cuts would lead to an equity rally in the second half of the year. Other recommendations include positive views on Thailand and the Philippines, while heunderweights Singapore and Indonesia.

• UBS Securities has downgraded its recommendation on Brazil to nentral from overweight and raised Argentina to overweight from nentral. The broker says that it has cut Brazil's allocation in its Latin American equities portfolin by 3.6 percentage points to 31.5 per cent. "Mass consumption, the country's main economic driving force, is weakening due to a significant rise in unemployment combined with lower real wages compared to 1995 levels," the company explains. Argentina's weighting has been raised by 1.4 percentage points to 13.0 per cent, on the basis that the country's economy is showing signs of recovery.

index lost 43.67 to 2,321.50 and Nippondenso, 6 car parts BOMBAY, and a sharp drop in

Tokyo

nor of the BoJ, confirmed that its monetary policy was unchanged, while Mr Eisuke Sakthara of the Ministry of Finance cautioned investors expecting interest rates to rise,

placed large-lot orders in the Osaka futures market, triggering arbitrage buying. The sharp rise in share prices forced investors with short positions to buy back shares, pushing the index up even fur-

The yen's depreciation helped export-orientated companies. Among high-technology stocks, Toshiba climbed Y18 to Y802 and Matsusbita Electric industrial Y40 to Y1.830. Carmakers had Toyota Motor ahead Y30 at Y2,370 and Nissan Motor up Y20 at Y862.

in Osaka, the OSE average

The 225 index rose 754.92 to

Mr Yasuo Matsushita, gover-

prompting yen selling. In addition, US hedge funds

Nikko Securities.

speculative favourites. The Topix index of all first section stocks rose 38.15, or 2.3 per cent, to 1,690.16 and the

in London the ISE/Nikkei 50 index gained 2.84 at 1,476.15.

put on 416.39 at 23.353.17 in 75.7m share volume. Nintendo, the video game maker, moved

News that Mr Atal Behari Vajpayee, the BJP prime ministerial candidate, would be sworn in today heralded en intra-day recovery In

KARACHI. indlan equities finished

sharply up from the day's lows, as speculators tried to keep up with the fast moving political action. The BSE-30 index rebounded from 3,728.86 to finish a net 13.84 off at 3,796.29. In Pakistan the prospect of a

Hindu nationalist as Indian prime minister left the KSE 100 index down 39.31, or 3.2 per cent, at 1,735.10 and dealers said prices were likely to fall further today. SINGAPORE dropped 1.9 per

issues on a government package of measures to curb property speculation. The Straits Times Industrial

the SES property index recovered from its low of 677.69 to end at 690.61, still 40.24, or 5.5 per cent, down.

DBS Land led the actives list

and fell 39 cents to S\$4.86. HONG KONG largely overlooked the expected announce-ment of US trade sanctions against China, past experience suggesting that there would be a deal during the 30-day period before sanctions took effect.

The Hang Seng index ended 45.95 higher at 10,863.83 In turnover of HK\$4.4bn HSBC moved ahead HK\$1 to cent, led by falls in property close at HK\$114.50, while

Cheung Kong continued to out-

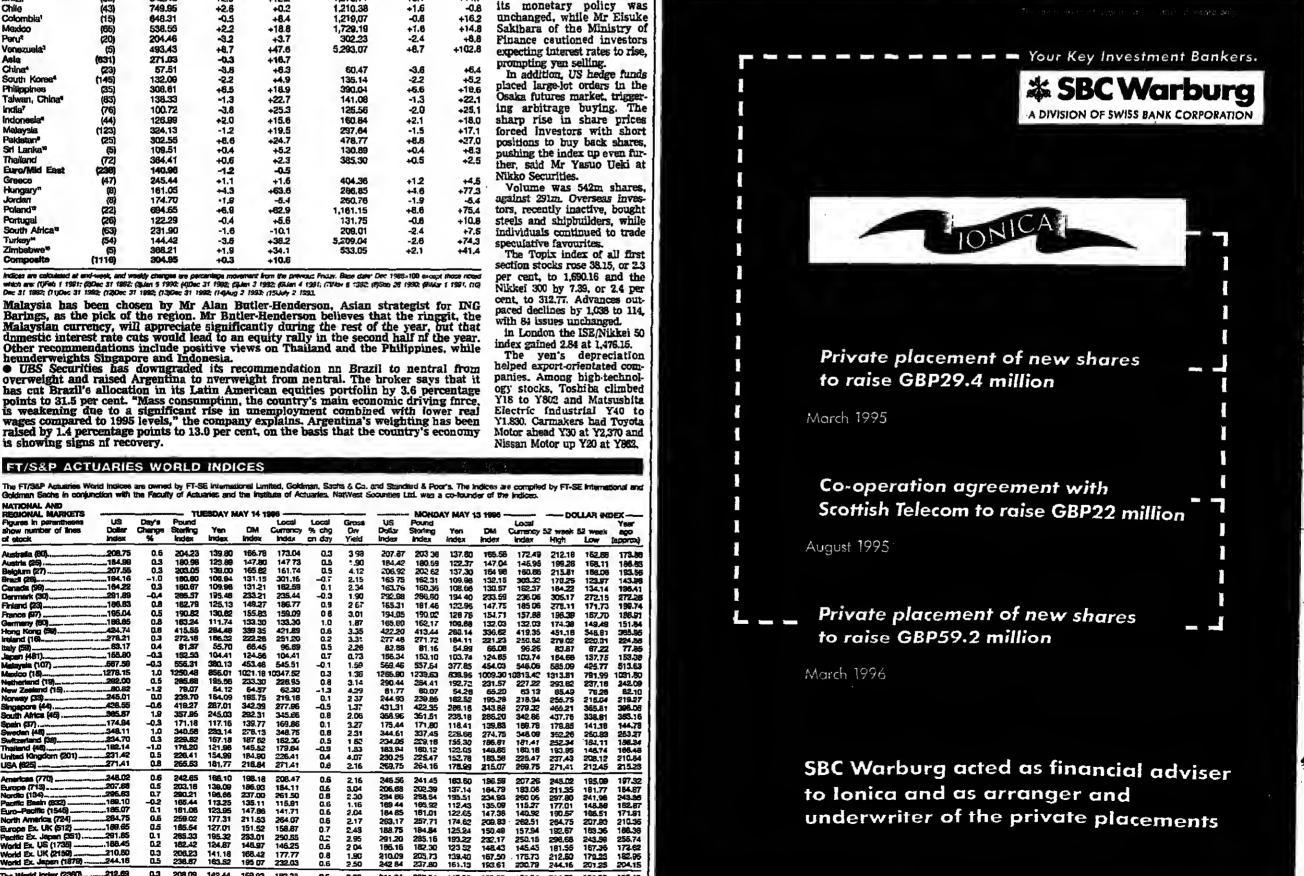
perform other key developers,

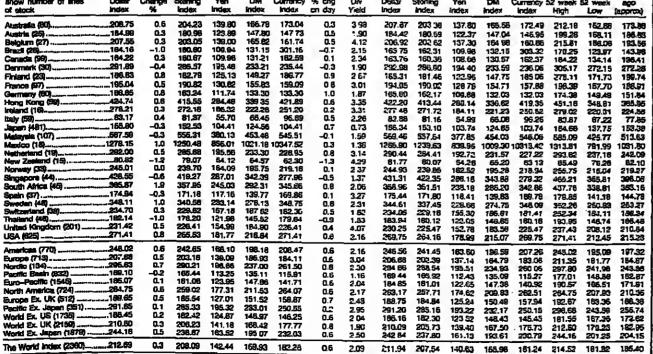
edvancing HK\$1 to HK\$53.50.

TAIPRI questioned the qual-ity of the rally which had been taking place ahead of next Monday's presidential inauguration, and the weighted index, which topped 6,200 briefly in early trade, eventually closed 60.42 lower at 6.095.41

WELLINGTON'S NZSE-40 index fell 12.52 to 2.080.12. Results from Telecom, 8 cents weaker at NZ\$5.99, were in line with expectations; brokers were less happy about capital expenditure projections for the

current year. BANGKOK saw impressive first-quarter results in the energy sector: Electricity Generating rose Bt2.50 to Bt94 as the SET index moved 7.34 higher to 1,336.60.





Local Local Gross US DM Currency % chg Day Deltar Index Index on day Yield Index

